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DOCUMENT COVER SHEET

TITLE OF DOCUMENT: Agreement and Acknowledgement of Security Interest

DATE OF DOCUMENT: December 20, 2102

GRANTORS: M.S.G. INVESTMENT, INC.

Mailing Address: 1751 Burns Avenue  
St. Louis, Missouri 63132

GRANTEE: WELLS FARGO BANK, NATIONAL ASSOCIATION  
WELLS FARGO EQUIPMENT FINANCE, INC.

Mailing Address: MAC H0004-035  
One North Jefferson Rd., Building D, 3<sup>rd</sup> Floor  
St. Louis, Missouri 63103-2205

LEGAL DESCRIPTION: See Exhibit B attached hereto.

PIN NUMBERS: 19-12-202-011-0000, 19-12-202-012-0000,  
19-12-202-013-0000, 19-12-202-014-0000,  
19-12-202-024-0000

ADDRESS: 4724 South Talman Ave., Chicago, IL 60632-1407

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Recording Requested By,  
 And After Recording, Return To:  
 CARMODY MACDONALD P.C.  
 120 S. Central Avenue, Suite 1800  
 St. Louis, Missouri 63105-1705  
 Attn: John G. Boyle

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## AGREEMENT AND ACKNOWLEDGMENT OF SECURITY INTEREST

THIS AGREEMENT AND ACKNOWLEDGMENT OF SECURITY INTEREST (this "Agreement") is entered into as of this 3th day of January, 2013, by and among WELLS FARGO BANK, NATIONAL ASSOCIATION and WELLS FARGO EQUIPMENT FINANCE, INC. (individually and collectively, the "Bank"), BAILY INTERNATIONAL, INC. (a/k/a BAILY, INC.) and BAILY MANUFACTURING LLC (individually and collectively, the "Debtor") and M.S.G. INVESTMENT, INC. ("Landlord").

WHEREAS, Bank has extended, or has agreed to extend, credit to Debtor on the condition, among others, that such credit be secured by a security interest in certain assets of Debtor (the "Collateral") described in the Security Agreement attached hereto as Exhibit A and incorporated herein by this reference (the "Security Agreement"), and all or a portion of the Collateral is now or may hereafter be located on that certain real property owned by Landlord in Cook County, Illinois as more particularly described on Exhibit B attached hereto and incorporated herein by this reference (the "Property"); and

WHEREAS, in extending or continuing to extend such credit to Debtor, Bank is relying on the acknowledgments, representations and agreements relating to the Collateral set forth herein.

NOW, THEREFORE, Landlord, Debtor and Bank hereby acknowledge, represent and agree as follows:

1. Landlord's Acknowledgment. Landlord acknowledges that the security interest of Bank in the Collateral is senior and superior to any claim or right in all or any portion thereof which Landlord now has or may at any time hereafter acquire. Landlord confirms that Landlord has not received notice from any person or entity other than Bank of any claim of right, title or interest in or to any of the Collateral.

2. Notice and License. Landlord agrees to deliver to Bank, at the same time as delivery to Debtor, a copy of any notice given by Landlord to Debtor regarding any breach of, or limitation or termination of, any lease or other agreement between Debtor and Landlord relating to Debtor's use and possession of the Property. Subject to the terms and conditions of this Agreement, Landlord and, where applicable, Debtor agree that notwithstanding any failure by Debtor to perform under, or the termination of, any lease or other agreement between Debtor and Landlord relating to Debtor's use and possession of the Property: (a) Landlord will not dispose of the Collateral nor assert any right or interest therein unless it has first notified Bank in writing and has given Bank a reasonable opportunity to exercise Bank's rights in and to the Collateral; and (b) Bank is hereby granted the right and license to enter upon the Property and to possess and use the Property to take possession of the Collateral and to exercise Bank's rights, powers and remedies with respect to the Collateral, including without limitation completing any work in process, removing any or all of the Collateral from the Property, and sorting, assembling, selling

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(including by auction sale held on the Property) and otherwise disposing of the Collateral in accordance with the terms and conditions of the Security Agreement, this Agreement and applicable law.

3. Conditions. The rights and licenses granted to Bank herein are conditioned upon Bank's agreement to, and Bank hereby agrees to: (a) pay rent to Landlord at the times and at the daily rate paid by Debtor for the period commencing on the day Bank enters into possession of the Property and ending on the day Bank relinquishes possession thereof; and (b) reimburse Landlord for any damage to the Property, other than diminution in value thereof, actually caused by Bank's activities on the Property during its possession thereof.

4. Indemnity. Debtor agrees to indemnify and hold Landlord and Bank, and their respective partners, officers, directors, successors and assigns, harmless from and against any and all claims, actions, damages, costs, expenses (including reasonable attorneys' fees, to include Bank's outside counsel fees and all allocated costs of Bank's in-house counsel) and/or liability arising from or in any manner relating to Landlord's compliance with this Agreement and/or Bank's exercise of any of its rights hereunder. Debtor hereby irrevocably authorizes Landlord to comply with any instructions or directions which Bank may give to Landlord pursuant hereto and/or in connection with Bank's exercise of its rights, powers and remedies with respect to the Collateral.

5. No Waiver, Amendments. No delay, failure or discontinuance of Bank in exercising any right, power or remedy hereunder or under the Security Agreement shall affect such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect the further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies of Bank hereunder are cumulative and not exclusive. Any waiver, permit, consent or approval of any kind by Bank of any breach of or default under this Agreement, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in such writing. This Agreement may be amended or modified only in writing signed by all parties hereto.

6. Notices. All notices, requests and demands required hereunder must be in writing, addressed to each party at the address specified below or to such other address as any party may designate by written notice to each other party, and shall be deemed to have been given or made as follows: (a) if personally delivered, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

7. Governing Law, Successors, Assigns. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri, and shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties.



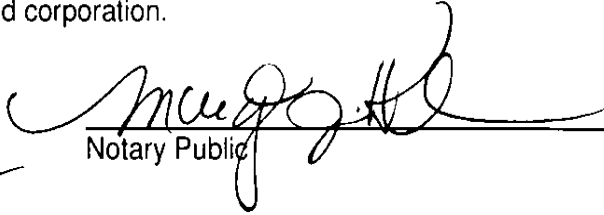




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STATE OF Minnesota )  
COUNTY OF Hennepin ) SS.

On this 21 day of ~~December, 2012~~ <sup>February, 2013</sup>, before me, the undersigned Notary Public, personally appeared Marka Kettle who, being by me duly sworn did say that he is the AVP of WELLS FARGO EQUIPMENT FINANCE, INC., and that said instrument was signed on behalf of said corporation and acknowledged to me that he executed the same as the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

My commission expires: 1-31-2015

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of December, 2012, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, who, being by me duly sworn did say that he is the \_\_\_\_\_ of M.S.G. INVESTMENT, INC., and that said instrument was signed on behalf of said corporation and acknowledged to me that he executed the same as the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

My commission expires:

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of December, 2012, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, who, being by me duly sworn did say that he is the \_\_\_\_\_ of BAILY INTERNATIONAL, INC. (a/k/a BAILY INC.), and that said instrument was signed on behalf of said corporation and acknowledged to me that he executed the same as the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

My commission expires:

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STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_ day of December, 2012, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, who, being by me duly sworn did say that he is the \_\_\_\_\_ of WELLS FARGO EQUIPMENT FINANCE, INC., and that said instrument was signed on behalf of said corporation and acknowledged to me that he executed the same as the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

My commission expires:

STATE OF Illinois )  
 ) SS.  
COUNTY OF Madison )

On this \_\_\_\_ day of December, 2012, before me, the undersigned Notary Public, personally appeared SANDY TSAI, who, being by me duly sworn did say that he is the PRESIDENT of M.S.G. INVESTMENT, INC., and that said instrument was signed on behalf of said corporation and acknowledged to me that he executed the same as the free act and deed of said corporation.



Theodore A. Jackson  
Notary Public

My commission expires: 4 April 2016

STATE OF Illinois )  
 ) SS.  
COUNTY OF Madison )

On this \_\_\_\_ day of December, 2012, before me, the undersigned Notary Public, personally appeared SANDY TSAI, who, being by me duly sworn did say that he is the VICE PRESIDENT of BAILY INTERNATIONAL, INC. (a/k/a BAILY INC.), and that said instrument was signed on behalf of said corporation and acknowledged to me that he executed the same as the free act and deed of said corporation.



Theodore A. Jackson  
Notary Public

My commission expires: 4 April 2016



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STATE OF Illinois )  
 ) SS.  
COUNTY OF Madison )

On this \_\_\_\_ day of December, 2012, before me, the undersigned Notary Public, personally appeared SANDY TRAM, who, being by me duly sworn did say that he is the MANAGER of BAILY MANUFACTURING LLC, and that said instrument was signed on behalf of said corporation and acknowledged to me that he executed the same as the free act and deed of said corporation.



Theodore A. Jackson  
Notary Public

My commission expires: 4 April 2016

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EXHIBIT A  
TO  
AGREEMENT AND ACKNOWLEDGMENT OF SECURITY INTEREST

Copy of Security Agreement

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## SECURITY AGREEMENT

1. GRANT OF SECURITY INTEREST. For valuable consideration, the undersigned, BAILY INTERNATIONAL, INC. (a/k/a BAILY, INC., "BI") and BAILY MANUFACTURING LLC ("BM") (jointly and severally, individually and collectively, the "Debtor") hereby grant and transfer to WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") a security interest in all of the property of Debtor described as follows (collectively, the "Collateral"):

(a) all accounts, deposit accounts, contract rights, chattel paper, (whether electronic or tangible) instruments, promissory notes, documents, general intangibles, payment intangibles, software, letter of credit rights, health-care insurance receivables and other rights to payment of every kind now existing or at any time hereafter arising;

(b) all inventory, goods held for sale or lease or to be furnished under contracts for service, or goods so leased or furnished, raw materials, component parts, work in process and other materials used or consumed in Debtor's business, now or at any time hereafter owned or acquired by Debtor, wherever located, and all products thereof, whether in the possession of Debtor, any warehousemen, any bailee or any other person, or in process of delivery, and whether located at Debtor's places of business or elsewhere;

(c) all warehouse receipts, bills of sale, bills of lading and other documents of every kind (whether or not negotiable) in which Debtor now has or at any time hereafter acquires any interest, and all additions and accessions thereto, whether in the possession or custody of Debtor, any bailee or any other person for any purpose;

(d) all money and property heretofore, now or hereafter delivered to or deposited with Bank or otherwise coming into the possession, custody or control of Bank (or any agent or bailee of Bank) in any manner or for any purpose whatsoever during the existence of this Agreement and whether held in a general or special account or deposit for safekeeping or otherwise;

(e) all right, title and interest of Debtor under licenses, guarantees, warranties, management agreements, marketing or sales agreements, escrow contracts, indemnity agreements, insurance policies, service or maintenance agreements, supporting obligations and other similar contracts of every kind in which Debtor now has or at any time hereafter shall have an interest;

(f) subject to the liens granted to Wells Fargo Equipment Finance, Inc. ("WFEFI") by Debtor pursuant to a Security Agreement of even date herewith, all goods, tools, machinery, furnishings, furniture and other equipment and fixtures of every kind now existing or hereafter acquired, and all improvements, replacements, accessions and additions thereto and embedded software included therein, whether located on any property owned or leased by Debtor or elsewhere, including without limitation, any of the foregoing now or at any time hereafter located at or installed on the land or in the improvements at any of the real property owned or leased by Debtor, and all such goods after they have been severed and removed from any of said real property; and

(g) all motor vehicles, trailers, mobile homes, manufactured homes, boats, other rolling stock and related equipment of every kind now existing or hereafter acquired and all

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additions and accessories thereto, whether located on any property owned or leased by Debtor or elsewhere;

together with whatever is receivable or received when any of the foregoing or the proceeds thereof are sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including without limitation, all rights to payment, including returned premiums, with respect to any insurance relating to any of the foregoing, and all rights to payment with respect to any claim or cause of action affecting or relating to any of the foregoing (collectively, "Proceeds").

2. **OBLIGATIONS SECURED.** The obligations secured hereby are the payment and performance of: (a) all present and future Indebtedness of Debtor to Bank or its affiliates, successors and assigns; (b) all obligations of Debtor and rights of Bank under this Agreement; and (c) all present and future obligations of Debtor to Bank or its affiliates, successors and assigns of other kinds. The word "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Debtor, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, including under any swap, derivative, foreign exchange, hedge, deposit, treasury management, credit card (including so-called "procurement cards"), credit card processing services, debit cards, or other similar transaction or arrangement, and whether Debtor may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter becomes unenforceable, including but not limited to all debts, obligations and liabilities of Debtor under that certain Credit Agreement by and between BI and Bank dated as of the same date hereof, as amended from time to time (the "Credit Agreement") and that certain Continuing Guaranty provided by BM for the benefit of the Bank dated as of the same date hereof, as amended from time to time (the "BM Guaranty").

3. **TERMINATION.** This Agreement will terminate upon the performance of all obligations of Debtor to Bank under the Credit Agreement and the Continuing Guaranty, including without limitation, the payment of all Indebtedness of Debtor to Bank, and the termination of all commitments of Bank to extend credit to Debtor, existing at the time Bank receives written notice from Debtor of the termination of this Agreement.

4. **OBLIGATIONS OF BANK.** Bank has no obligation to make any loans hereunder. Any money received by Bank in respect of the Collateral may be deposited, at Bank's option, into a non-interest bearing account over which Debtor shall have no control, and the same shall, for all purposes, be deemed Collateral hereunder.

5. **REPRESENTATIONS AND WARRANTIES.** Debtor represents and warrants to Bank that: (a) Each Debtor's legal name is exactly as set forth on the first page of this Agreement, and all of each Debtor's organizational documents or agreements delivered to Bank are complete and accurate in every respect; (b) Debtor is the owner and has possession or control of the Collateral and Proceeds; (c) Debtor has the exclusive right to grant a security interest in the Collateral and Proceeds; (d) all Collateral and Proceeds are genuine, free from liens, adverse claims, setoffs, default, prepayment, defenses and conditions precedent of any kind or character, except the lien created hereby, the liens in favor of WFEFI, and the second priority liens granted to Subordinate Creditors (as defined in the Credit Agreement) as security for Borrower's subordinated debt to Subordinate Creditors, or as otherwise agreed to by Bank; (e) all statements contained herein and, where applicable, in the Collateral are true and complete in all material respects; (f) no financing statement covering any of the Collateral or

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Proceeds, and naming any secured party other than Bank, the Subordinate Creditors or WFEFI is on file in any public office; (g) where Collateral consists of rights to payment, all persons appearing to be obligated on the Collateral and Proceeds have authority and capacity to contract and are bound as they appear to be, all property subject to chattel paper has been properly registered and filed in compliance with law and to perfect the interest of Debtor in such property, and all such Collateral and Proceeds comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable Federal Reserve Regulation Z and any State consumer credit laws; and (h) where the Collateral consists of equipment, Debtor is not in the business of selling goods of the kind included within such Collateral, and Debtor acknowledges that no sale or other disposition of any such Collateral, including without limitation, any such Collateral which Debtor may deem to be surplus, has been consented to or acquiesced in by Bank, except as specifically set forth in writing by Bank.

## 6. COVENANTS OF DEBTOR.

(a) Debtor agrees in general: (i) to pay Indebtedness secured hereby when due; (ii) to indemnify Bank against all losses, claims, demands, liabilities and expenses of every kind caused by property subject hereto; (iii) to permit Bank to exercise its powers; (iv) to execute and deliver such documents as Bank deems necessary to create, perfect and continue the security interests contemplated hereby; (v) not to change its name, and as applicable, its chief executive office, its principal residence or the jurisdiction in which it is organized and/or registered without giving Bank prior written notice thereof; (vi) not to change the places where Debtor keeps any Collateral or Debtor's records concerning the Collateral and Proceeds without giving Bank prior written notice of the address to which Debtor is moving same; and (vii) to cooperate with Bank in perfecting all security interests granted herein and in obtaining such agreements from third parties as Bank deems necessary, proper or convenient in connection with the preservation, perfection or enforcement of any of its rights hereunder.

(b) Debtor agrees with regard to the Collateral and Proceeds, unless Bank agrees otherwise in writing: (i) that Bank is authorized to file financing statements in the name of Debtor to perfect Bank's security interest in Collateral and Proceeds; (ii) where applicable, to insure the Collateral with Bank named as loss payee, in form, substance and amounts, under agreements, against risks and liabilities, and with insurance companies satisfactory to Bank; (iii) where applicable, to operate the Collateral in accordance with all applicable statutes, rules and regulations relating to the use and control thereof, and not to use any Collateral for any unlawful purpose or in any way that would void any insurance required to be carried in connection therewith; (iv) not to remove the Collateral from Debtor's premises except in the ordinary course of Debtor's business; (v) to pay when due all license fees, registration fees and other charges in connection with any Collateral; (vi) not to permit any lien on the Collateral or Proceeds, including without limitation, liens arising from repairs to or storage of the Collateral, except in favor of Bank; (vii) not to sell, hypothecate or dispose of, nor permit the transfer by operation of law of, any of the Collateral or Proceeds or any interest therein, except sales of inventory to buyers in the ordinary course of Debtor's business; (viii) to permit Bank to inspect the Collateral at any time; (ix) to keep, in accordance with generally accepted accounting principles, complete and accurate records regarding all Collateral and Proceeds, and to permit Bank to inspect the same and make copies thereof at any reasonable time; (x) if requested by Bank, to receive and use reasonable diligence to collect Collateral consisting of accounts and other rights to payment and Proceeds, in trust and as the property of Bank, and to immediately endorse as appropriate and deliver such Collateral and Proceeds to Bank daily in the exact form in which they are received together with a collection report in form satisfactory to Bank; (xi) not to commingle Collateral or Proceeds, or collections thereunder, with other property; (xii) to give

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only normal allowances and credits and to advise Bank thereof immediately in writing if they affect any rights to payment or Proceeds in any material respect; (xiii) from time to time, when requested by Bank, to prepare and deliver a schedule of all Collateral and Proceeds subject to this Agreement and to assign in writing and deliver to Bank all accounts, contracts, leases and other chattel paper, instruments, documents and other evidences thereof; (xiv) in the event Bank elects to receive payments of rights to payment or Proceeds hereunder, to pay all expenses incurred by Bank in connection therewith, including expenses of accounting, correspondence, collection efforts, reporting to account or contract debtors, filing, recording, record keeping and expenses incidental thereto; and (xv) to provide any service and do any other acts which may be necessary to maintain, preserve and protect all Collateral and, as appropriate and applicable, to keep all Collateral in good and saleable condition, to deal with the Collateral in accordance with the standards and practices adhered to generally by users and manufacturers of like property, and to keep all Collateral and Proceeds free and clear of all defenses, rights of offset and counterclaims.

7. **POWERS OF BANK.** Debtor appoints Bank its true attorney in fact to perform any of the following powers, which are coupled with an interest, are irrevocable until termination of this Agreement and may be exercised from time to time by Bank's officers and employees, or any of them, whether or not Debtor is in default: (a) to perform any obligation of Debtor hereunder in Debtor's name or otherwise; (b) to give notice to account debtors or others of Bank's rights in the Collateral and Proceeds, to enforce or forebear from enforcing the same and make extension and modification agreements with respect thereto; (c) to release persons liable on Collateral or Proceeds and to give receipts and acquittances and compromise disputes in connection therewith; (d) to release or substitute security; (e) to resort to security in any order; (f) to prepare, execute, file, record or deliver notes, assignments, schedules, designation statements, financing statements, continuation statements, termination statements, statements of assignment, applications for registration or like papers to perfect, preserve or release Bank's interest in the Collateral and Proceeds; (g) to receive, open and read mail addressed to Debtor; (h) to take cash, instruments for the payment of money and other property to which Bank is entitled; (i) to verify facts concerning the Collateral and Proceeds by inquiry of obligors thereon, or otherwise, in its own name or a fictitious name; (j) to endorse, collect, deliver and receive payment under instruments for the payment of money constituting or relating to Proceeds; (k) to prepare, adjust, execute, deliver and receive payment under insurance claims, and to collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and to apply such amounts received by Bank, at Bank's sole option, toward repayment of the Indebtedness or, where appropriate, replacement of the Collateral; (l) to exercise all rights, powers and remedies which Debtor would have but for this Agreement, with respect to all Collateral and Proceeds subject hereto; (m) to enter onto Debtor's premises to inspect the Collateral; (n) to make withdrawals from and to close deposit accounts or other accounts with any financial institution, wherever located, into which Proceeds may have been deposited, and to apply funds so withdrawn to payment of the Indebtedness; (o) to preserve or release the interest evidenced by chattel paper to which Bank is entitled hereunder and to endorse and deliver any evidence of title incidental thereto; and (p) to do all acts and things and execute all documents in the name of Debtor or otherwise deemed by Bank as necessary, proper and convenient in connection with the preservation, perfection or enforcement of its rights hereunder.

8. **PAYMENT OF PREMIUMS, TAXES, CHARGES, LIENS AND ASSESSMENTS.** Debtor agrees to pay, prior to delinquency, all insurance premiums, taxes, charges, liens and assessments against the Collateral and Proceeds, and upon the failure of Debtor to do so, Bank at its option may pay any of them and shall be the sole judge of the legality or validity thereof

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and the amount necessary to discharge the same. Any such payments made by Bank shall be obligations of Debtor to Bank, due and payable immediately upon demand, together with interest at a rate determined in accordance with the provisions of this Agreement, and shall be secured by the Collateral and Proceeds, subject to all terms and conditions of this Agreement.

Debtor acknowledges receipt of the following notice: "Unless you (Debtor) provide evidence of the insurance coverage required by your agreement with us (Bank), we may purchase insurance at your expense to protect our interest in your collateral. This insurance may, but need not, protect your interests. The coverage that we purchase may not pay any claim that you make or any claim that is made against you in connection with the collateral. You may later cancel any insurance purchased by us, but only after providing evidence that you have obtained insurance as required by our agreement. If we purchase insurance for the collateral, you will be responsible for the costs of that insurance, including the insurance premium, interest and any other charges we may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to your total outstanding balance or obligation. The cost of the insurance may be more than the cost of insurance you may be able to obtain on your own."

If Debtor fails to maintain any insurance required hereunder, Bank may, but shall not be obligated to, purchase such required insurance at Debtor's expense to protect Bank's interest in the Collateral. This insurance may, but need not, protect Debtor's interests in the Collateral. The coverage that Bank purchases shall not be required to pay any claim that Debtor makes or any claim that is made against Debtor in connection with the Collateral. Debtor may later cancel any insurance purchased by Bank, but only after providing evidence that Debtor has obtained insurance as required hereunder. If Bank purchases insurance for the Collateral, Debtor will be responsible for the costs of the insurance, including the insurance premium, interest and any other charges Bank may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance obtained by Bank may be more than the cost of insurance Debtor may be able to obtain on its own. Unless Bank otherwise agrees in writing, Debtor shall pay to Bank the full costs of such insurance, together with the accrued interest thereon and the other charges in connection therewith, within 30 days after "Notice of Placement of Insurance" as required by applicable law.

9. **EVENTS OF DEFAULT.** The occurrence of any of the following shall constitute an "Event of Default" under this Agreement: (a) any default in the payment or performance of any obligation, or any defined event of default under (i) any contract or instrument evidencing any Indebtedness, or (ii) any other agreement between Debtor and Bank, including without limitation the Credit Agreement, relating to or executed in connection with any Indebtedness; (b) any representation or warranty made by Debtor herein shall prove to be incorrect, false or misleading in any material respect when made; (c) Debtor shall fail to observe or perform any obligation or agreement contained herein; (d) any impairment of the rights of Bank in any Collateral or Proceeds, or any attachment or like levy on any property of Debtor; and (e) Bank, in good faith, believes any or all of the Collateral and/or Proceeds to be in danger of misuse, dissipation, commingling, loss, theft, damage or destruction, or otherwise in jeopardy or unsatisfactory in character or value.

10. **REMEDIES.** Upon the occurrence of any Event of Default, Bank shall have the right to declare immediately due and payable all or any Indebtedness secured hereby and to terminate any commitments to make loans or otherwise extend credit to Debtor. Bank shall have all other rights, powers, privileges and remedies granted to a secured party upon default

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under the Missouri Uniform Commercial Code or otherwise provided by law, including without limitation, the right (a) to contact all persons obligated to Debtor on any Collateral or Proceeds and to instruct such persons to deliver all Collateral and/or Proceeds directly to Bank, and (b) to sell, lease, license or otherwise dispose of any or all Collateral. All rights, powers, privileges and remedies of Bank shall be cumulative. No delay, failure or discontinuance of Bank in exercising any right, power, privilege or remedy hereunder shall affect or operate as a waiver of such right, power, privilege or remedy; nor shall any single or partial exercise of any such right, power, privilege or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. Any waiver, permit, consent or approval of any kind by Bank of any default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing. It is agreed that public or private sales or other dispositions, for cash or on credit, to a wholesaler or retailer or investor, or user of property of the types subject to this Agreement, or public auctions, are all commercially reasonable since differences in the prices generally realized in the different kinds of dispositions are ordinarily offset by the differences in the costs and credit risks of such dispositions. While an Event of Default exists: (a) Debtor will deliver to Bank from time to time, as requested by Bank, current lists of all Collateral and Proceeds; (b) Debtor will not dispose of any Collateral or Proceeds except on terms approved by Bank; (c) at Bank's request, Debtor will assemble and deliver all Collateral and Proceeds, and books and records pertaining thereto, to Bank at a reasonably convenient place designated by Bank; and (d) Bank may, without notice to Debtor, enter onto Debtor's premises and take possession of the Collateral. With respect to any sale or other disposition by Bank of any Collateral subject to this Agreement, Debtor hereby expressly grants to Bank the right to sell such Collateral using any or all of Debtor's trade marks, trade names, trade name rights and/or proprietary labels or marks. Debtor further agrees that Bank shall have no obligation to process or prepare any Collateral for sale or other disposition.

11. **DISPOSITION OF COLLATERAL AND PROCEEDS; TRANSFER OF INDEBTEDNESS.** In disposing of Collateral hereunder, Bank may disclaim all warranties of title, possession, quiet enjoyment and the like. Any proceeds of any disposition of any Collateral or Proceeds, or any part thereof, may be applied by Bank to the payment of expenses incurred by Bank in connection with the foregoing, including reasonable attorneys' fees, and the balance of such proceeds may be applied by Bank toward the payment of the Indebtedness in such order of application as Bank may from time to time elect. Upon the transfer of all or any part of the Indebtedness, Bank may transfer all or any part of the Collateral or Proceeds and shall be fully discharged thereafter from all liability and responsibility with respect to any of the foregoing so transferred, and the transferee shall be vested with all rights and powers of Bank hereunder with respect to any of the foregoing so transferred; but with respect to any Collateral or Proceeds not so transferred, Bank shall retain all rights, powers, privileges and remedies herein given.

12. **STATUTE OF LIMITATIONS.** Until all Indebtedness shall have been paid in full and all commitments by Bank to extend credit to Debtor have been terminated, the power of sale or other disposition and all other rights, powers, privileges and remedies granted to Bank hereunder shall continue to exist and may be exercised by Bank at any time and from time to time irrespective of the fact that the Indebtedness or any part thereof may have become barred by any statute of limitations, or that the personal liability of Debtor may have ceased, unless such liability shall have ceased due to the payment in full of all Indebtedness secured hereunder.



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13. MISCELLANEOUS. When there is more than one Debtor named herein: (a) the word "Debtor" shall mean all or any one or more of them as the context requires; (b) the obligations of each Debtor hereunder are joint and several; and (c) until all Indebtedness shall have been paid in full, no Debtor shall have any right of subrogation or contribution, and each Debtor hereby waives any benefit of or right to participate in any of the Collateral or Proceeds or any other security now or hereafter held by Bank. Debtor hereby waives any right to require Bank to (i) proceed against Debtor or any other person, (ii) marshal assets or proceed against or exhaust any security from Debtor or any other person, (iii) perform any obligation of Debtor with respect to any Collateral or Proceeds, and (d) make any presentment or demand, or give any notice of nonpayment or nonperformance, protest, notice of protest or notice of dishonor hereunder or in connection with any Collateral or Proceeds. Debtor further waives any right to direct the application of payments or security for any Indebtedness of Debtor or indebtedness of customers of Debtor.

14. NOTICES. All notices, requests and demands required under this Agreement must be in writing, addressed to Bank at the address specified in the Credit Agreement, and to Debtor at the address of its chief executive office (or principal residence, if applicable) specified below or to such other address as any party may designate by written notice to each other party, and shall be deemed to have been given or made as follows: (a) if personally delivered, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

15. COSTS, EXPENSES AND ATTORNEYS' FEES. Debtor shall pay to Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of Bank's in-house counsel), expended or incurred by Bank in connection with (a) the perfection and preservation of the Collateral or Bank's interest therein, and (b) the realization, enforcement and exercise of any right, power, privilege or remedy conferred by this Agreement, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Debtor or in any way affecting any of the Collateral or Bank's ability to exercise any of its rights or remedies with respect thereto. All of the foregoing shall be paid by Debtor with interest from the date of demand until paid in full at a rate per annum equal to the greater of ten percent (10%) or Bank's Prime Rate in effect from time to time.

16. SUCCESSORS; ASSIGNS; AMENDMENT. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties, and may be amended or modified only in writing signed by Bank and Debtor.

17. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any remaining provisions of this Agreement.

18. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

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Debtor warrants that each Debtor is an organization organized under the laws of the State of Illinois.

Debtor warrants that its chief executive office is located at 1751 Burns Avenue, St. Louis, Missouri 63132

Debtor warrants that the Collateral (except goods in transit) is located or domiciled at the following additional addresses:

- 10875 Indianhead Industrial Blvd., St. Louis, Missouri 63132
- 5600 Harvey Wilson Dr., Houston, Texas
- 4170 Gravois Ave., St. Louis, Missouri
- 2283 S. Halsted, Chicago, Illinois
- 4724 S. Talman Ave., Chicago, Illinois
- 1122 State Route 3, National City, Illinois
- 2501 W. 20<sup>th</sup> Street, Granite City, Illinois
- 2101 Adams, Granite City, Illinois
- 498 Bussen Underground Road, St. Louis, Missouri

[Signature page to follow]

# UNOFFICIAL COPY

IN WITNESS WHEREOF, this Agreement has been duly executed as of January 22, 2013.

BAILY INTERNATIONAL, INC.  
(a/k/a BAILY, INC.)

By: George Tsai  
Name: GEORGE TSAI  
Title: PRESIDENT

BAILY MANUFACTURING LLC

By: George Tsai  
Name: GEORGE TSAI  
Title: MANAGING MEMBER

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

## EXHIBIT B TO AGREEMENT AND ACKNOWLEDGMENT OF SECURITY INTEREST

### Legal Description of Property:

#### 3283 Halsted Legal Description:

##### PARCEL 1:

LOTS 31, 32, 33 AND 34 IN BLOCK 3 IN MCPHERSON AND ALLERTON'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF BLOCK 26 IN CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN: 17-33-321-006-0000, 17-33-321-007-0000, 17-33-321-008-0000, 17-33-321-009-0000

##### PARCEL 2:

LOTS 35, 36, 37 AND 38 IN BLOCK 3 IN MCPHERSON AND ALLERTON'S ADDITION TO CHICAGO, BEING A SUBDIVISION IN BLOCK 25 IN CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN: 17-33-321-010-0000, 17-33-321-011-0000, 17-33-321-012-0000, 17-33-321-013-0000

##### PARCEL 3:

LOTS 39, 40 AND 41 IN BLOCK 3 IN MCPHERSON AND ALLERTON'S ADDITION TO CHICAGO, BEING A SUBDIVISION IN BLOCK 25 IN CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN: 17-33-321-014-0000, 17-33-321-015-0000, 17-33-321-016-0000

The property is located in Cook County at 3813-3819 South Halsted Street  
3823 South Halsted Street and  
3831-3835 South Halsted Street, Chicago, Illinois 60609.

#### 4724 S. Talman Legal Description:

##### PARCEL 1:

LOTS 12, 13, 14 AND 15 IN WALTER KOSKI'S SUBDIVISION OF THE WEST 1/2 (EXCEPT THE SOUTH 100 FEET AND EXCEPT THE EAST 8 FEET OF THE NORTH 158 FEET AND EXCEPT STREETS) OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 12, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ALSO THE SOUTH 100 FEET OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 12, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ALSO THE SOUTH 100 FEET OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 12, AFORESAID, IN COOK COUNTY, ILLINOIS.

#### ALSO

##### PARCEL 2:

A STRIP OF LAND 4 INCHES WIDE, BEING THE NORTH 4 INCHES OF LOT 1 IN B. HAJEK'S SUBDIVISION OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 12, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

The Property or its address is commonly known as 4724 South Talman Ave, Chicago, IL 60632-1407. The Property tax identification number is 19-12-202-011-0000, 19-12-202-012-0000, 19-12-202-013-0000, 19-12-202-014-0000, 19-12-202-024-0000.