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COOK COUNTY, ILLINOIS

LOAN # 3302-160299252

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SECURITY AGREEMENT

\$ 17.00

1. Upon the terms hereof and as of the date of execution hereafter stated, for value received, the undersigned, ARNIE CHATMAN, (hereinafter "Debtor"), whose mailing address is 3332 WEST POLK, CHICAGO, ILLINOIS, hereby grants to COMMUNITY BANK OF LAWDALE (hereinafter called "Secured Party"), whose mailing address is 1111 S. HOMAN AVENUE, CHICAGO, ILLINOIS, a security interest in the following property (all of the following being herein called the "Collateral"):

"All materials, supplies, equipment, apparatus, furnishings and other items now or at any time hereafter attached to, installed in, situated on or in or used (temporarily or permanently) in connection with the building, buildings or other improvements now erected or hereafter to be erected on the real property described in Exhibit "A" attached hereto and incorporated herein by reference (such building, buildings and other improvements being hereinafter called the "Project"), and all renewals, replacements, and substitutions thereof and additions thereto, all income and profits therefrom, all products thereof, and all proceeds thereof, including but not limited to any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, computers, computer equipment, radio, television, telephone and communication equipment, water, gas and electric equipment, disposals, dishwashers, washers, dryers, refrigerators and ranges, kitchen and cafeteria equipment, and recreational equipment and facilities of all kinds, and such goods, chattels and personal property as are ever furnished by landlords in letting or operating a furnished or unfurnished building, or which are now or hereafter attached to such building by nails, screws, bolts, pipe connections, masonry or in other manner, and built-in equipment of every nature, all of which property and things are hereby declared to be permanent accessions to the Project; all plans and specifications for the Project; all contracts and subcontracts relating to the Project, all contracts for the sale of all or any portion of the Project and the proceeds therefrom, all deposits (including tenant's security deposits), funds, accounts, contract rights, instruments, documents, general intangibles (including trademarks, trade names and symbols used in connection therewith), and notes or chattel paper arising from or by virtue of any transactions related to the Project; all permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Project; all proceeds obtained in connection with the Project; all proceeds arising from or by virtue of the sale, lease or other disposition of any of the real or personal property described herein; all proceeds (including premium refunds) payable or to be payable under each policy of insurance relating to the Project; all proceeds arising from the taking of all or a part of the real property or any rights appurtenant thereto, including change of grade of streets, curb cuts or other rights of access, for any public or quasi-public use under any law, or by right of eminent domain, or by private or other purchase in lieu thereof; and all other interest of every kind and character which Debtor now has or at any time hereafter acquires, in and to the real and personal

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property described herein and all property which is used or useful in connection therewith, including rights of ingress or egress and all reversionary rights or interests of Debtor with respect to such property."

2. The security interest herein granted shall secure payment and performance of the Obligation. The term "Obligation", as used herein, means the following (i) the indebtedness evidenced by that one (1) certain promissory note (the "Note") of even date herewith, payable to the order of Secured party, bearing interest and payable as therein specified, in the aggregate principal amount of FORTY-TWO THOUSAND AND NO/100 DOLLARS (\$42,000.00) together with any and all renewals, extensions, modifications, increases and amendments of the same, or any part thereof; (ii) all indebtedness and liabilities of Debtor to Secured Party at any time arising under the terms hereof and all renewals and extensions thereof or any part thereof; and (iii) all indebtedness and liabilities of Debtor to Secured Party at any time arising under the terms of any deed of trust mortgage, security agreement, or other document executed as security for the payment of, or in connection with said note or notes, and all renewals and extensions thereof or any part thereof.

3. Debtor represents and warrants that: (i) Debtor has authority to execute and deliver this Security Agreement; (ii) no other presently effective prior financing statement covering the Collateral, or any part thereof, has been filed; and (iii) no other prior to or equal Security Agreement covering the Collateral, or any part thereof, has been made and no prior or equal security interest, has attached or been perfected in the Collateral or in any part thereof.

4. So long as any part of the Obligation remains unpaid, Debtor covenants and agrees to: (i) use the Collateral exclusively for business purposes in connection with the business of the Debtor conducted or to be conducted in or in connection with the improvement constructed or to be constructed on the lands described in the attached EXHIBIT "A" and not remove any of the Collateral from such improvements without the prior written consent of the Secured Party; (ii) retain unencumbered title to the Collateral, subject only to the security interest hereby created and other liens securing the Obligation, and not sell, transfer, encumber or in any other manner dispose of the Collateral or any part thereof or any interest therein without the prior written consent of the Secured Party; (iii) use the Collateral with reasonable care, skill and caution; (iv) keep the Collateral in good repair, working order and condition, and promptly make all necessary repairs or replacements to that end; (v) keep the Collateral properly sheltered; (vi) pay, before delinquent, all taxes and other assessments lawfully levied against the Collateral, provided that Debtor may in good faith, by appropriate proceedings, contest the validity, applicability or amount of any asserted tax or assessment, and pending such contest, Debtor shall not be deemed in default hereunder, if prior to delinquency of the asserted tax or assessment Debtor furnishes to Secured Party an indemnity bond, conditioned that such tax or assessment, with interest, cost and penalties, be paid as herein stipulated, secured by a deposit in cash or security acceptable to Secured Party, or with surety acceptable to Secured party, in the amount of the tax or assessment being contested by Debtor, and a reasonable additional sum to cover possible costs, interest and penalties and interest thereon, before such judgment becomes final; and providing, further, that when each such contest shall be concluded, the tax, assessment, penalties, interest and costs shall be paid prior to the date such judgment becomes final or any writ or order is issued under which the Collateral may be sold pursuant to such judgment; (vii) keep the

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Collateral insured against the risks covered by policies of fire and extended coverage insurance in standard form in such insurance company or companies as may be reasonably acceptable to Secured Party to the extent of at least the lesser of 80% of its fair insurable value or the unpaid principal amount of the Obligation, which policies of insurance may contain provisions making the co-insurance clause applicable to such insurance; in which event, Debtor further covenants that it will maintain substantial coverage so as not to become a co-insurer under the co-insurance clause and shall promptly deliver to Secured Party certificates of such insurance and certificates evidencing renewals of all such policies of insurance and certificates evidencing renewals of all such policies of insurance, each of which shall contain a standard mortgagee clause with loss payable to Secured Party as its interest may appear, and in case of Debtor's failure so to do, Secured Party, at its option, may procure such insurance at Debtor's expense; (viii) from time to time, promptly execute and deliver to Secured Party such other assignments, certificates, supplemental documents, and financing statements, and do all other acts or things, as Secured Party may reasonably request in order to more fully evidence and perfect the security interest herein created; (ix) pay the Obligation in accordance with the terms of the promissory note or other documents evidencing the Obligation, or any part thereof, subject to limitations on personal liability, if any, contained therein; (x) promptly notify Secured Party of any claim, action or proceeding affecting title to the Collateral, or any part thereof, or the security interest herein, and, at the request of Secured Party, appear in and defend, at Debtor's expense, any such action or proceeding; and (xi) promptly, after being requested by Secured Party, pay to Secured Party the amount of all reasonable expenses, including reasonable attorneys' fees and other legal expenses, incurred by Secured Party in enforcing the security interest.

5. If Secured Party advances funds to or for the account of Debtor to enable Debtor to purchase or otherwise acquire rights in the Collateral, or any part thereof, such funds may, at Secured Party's option, be paid (i) directly to the person, firm or corporation from whom Debtor will make such purchase or acquisition, or (ii) to Debtor, in which latter event Debtor covenants to promptly pay the same to such person, firm or corporation and forthwith furnish to Secured Party evidence satisfactory to Secured Party that such payment has been made.

6. The term "default", as used herein, means the occurrence of any event (and the passage of time, if any, specified therefor without cure) which gives Secured Party the right to demand payment of the entire unpaid balance of the Obligation pursuant to the terms of any note evidencing all or any portion of the Obligation or the terms of any deed of trust, mortgage, security agreement, or other document executed by Debtor or at Debtor's request as security for the payment of, or in connection with, any note evidencing all or any portion of the Obligation.

7. Upon the occurrence of a default, in addition to any and all other rights and remedies which Secured Party may then have hereunder, or under the Uniform Commercial Code of the State of Illinois (hereinafter called "Code"), or otherwise, Secured Party at its option may: (i) declare the entire unpaid balance of principal of and all accrued interest on the Obligation immediately due and payable without notice or demand; (ii) enter upon the premises where the Collateral is located and take possession thereof and remove the same, with or without judicial process; (iii) reduce its claim to judgment, foreclose, or otherwise enforce its security interest in all or any part of the Collateral by any available judicial procedure; (iv) after notification, if any,

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provided for in Paragraph 8 hereof, sell, lease, or otherwise dispose of, at the office of Secured Party, or on the premises of Debtor, or elsewhere, as chosen by Secured Party, or on the premises of debtor, or elsewhere, as chosen by Secured Party, all or any part of the Collateral, in its then condition or following any commercially reasonable preparation or processing, and any such sale or other disposition may be as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale of any part of the Collateral shall not exhaust Secured Party's power of sale, but sales may be made from time to time until all of the Collateral has been sold or until the Obligation has been paid in full), and at any such sale, it shall not be necessary to exhibit the Collateral; (v) surrender any policies of insurance on the Collateral and receive and apply the unearned premiums as a credit on the Obligation; and, in connection therewith, Debtor hereby appoints Secured Party as the agent and attorney-in-fact for Debtor to collect such premiums, Secured Party to exercise such power at its sole discretion; and (vi) at its discretion, retain the Collateral in satisfaction of the Obligation whenever the circumstances are such that Secured party is entitled to do so under the Code. Secured Party shall be entitled to apply the proceeds of any sale or other disposition of the Collateral in the proceeds of any sale or other disposition of the Collateral in the following order: First, to the payment of all of its reasonable expenses, including reasonable attorneys' fees and other reasonable expenses, incurred in retaking, holding, and preparing the Collateral, or any part thereof, for sale(s) or other disposition, in arranging for such sale(s) or other disposition, and in actually selling the same; and next, toward payment of the balance of the Obligation in such order and manner as Secured party, in its discretion, may deem advisable. Secured Party shall account to Debtor for any surplus.

8. Reasonable notification of the time and place of any public sale of the Collateral or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other person entitled under the Code to notice. It is agreed that notice sent or given not less than five (5) calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purpose of this paragraph.

9. Except as otherwise provided by law, the charge of Secured Party for furnishing a statement of account or list of Collateral shall be Ten Dollars (\$10.00).

10. Secured Party shall have the right at any time to execute and file this agreement as a financing statement, but the failure of Secured Party to do so shall not impair the validity or enforceability of this agreement.

11. All rights and remedies of Secured Party hereunder are cumulative of each other and of every other right or remedy which Secured Party may otherwise have at law or in equity or under any other contract or document for the enforcement of the security interest herein or the collection of the Obligation, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

12. Should any part of the Obligation be payable in installments, the acceptance by Secured Party at any time and from time to time of part payment of the aggregate amount of all installments then matured shall not be deemed to be a waiver of the default then existing. No waiver by Secured Party of any default shall be deemed to be a waiver of any other subsequent default, nor

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shall any such waiver by Secured Party be deemed to be a continuing waiver. No delay or omission by Secured Party in exercising any right or power hereunder, or under any other documents executed by Debtor as Security for or in connection with the Obligation, shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such right or power preclude other or further exercises thereof, or the exercise of any other right or power of Secured Party hereunder or under such other documents.

13. If the Obligation, or any part thereof, be given in renewal or extension, or applied toward the payment of indebtedness secured by mortgage, pledge, security agreement, or other lien, Secured party shall be, and is hereby subrogated, to all of the rights, titles, security interests and other liens securing the indebtedness so renewed, extended or paid.

14. This Agreement shall be binding on an inure to the benefit of Debtor and Secured Party, and their respective heirs, executors, administrators, other legal representatives, successors and assigns. The duties, covenants, conditions, obligations and warranties of Debtor in this Security Agreement shall be joint and several obligations of Debtor, if more than one.

EXECUTED as of this the 20TH day of AUGUST, 1991

BORROWER(S):

FRDIE CHATMAN
FRDIE CHATMAN

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EXHIBIT "A"

ADDRESS OF PROPERTY: 3332 WEST POLK STREET

P.I.N. # 16-14-410-023-0000 Vol. 571

LEGAL DESCRIPTION:

THE EAST 20 FEET OF LOT 27 AND THE WEST 6 2/3 FEET OF LOT 28 IN EDWARD C. WALLER'S SUBDIVISION OF BLOCK 14 IN E.A. CHUMMINGS AND COMPANY'S CENTRAL PARK AVENUE ADDITION, BEING A SUBDIVISION OF THAT PART OF THE SOUTHEAST 1/4 OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF THE NORTH 40 RODS AND NORTH OF THE NORTH LINE OF THE RIGHT OF WAY OF THE CHICAGO AND GREAT WESTERN RAILROAD IN COOK COUNTY, ILLINOIS.

Return To:
Michael O. Brown & Associates
1130 S. Wabash #501
Chicago, IL 60605

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