

PREPARED BY:

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WHEN RECORDED MAIL TO:

Heinrich & Kramer, P.C.
205 West Randolph, Suite 1750
Chicago, Illinois 60606

MORTGAGE

THIS MORTGAGE IS DATED August 30, 1993, between AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally, but as Trustee under Trust Agreement dated January 29, 1985 and known as Trust No. 83425, whose address is 33 North LaSalle Street, Chicago, Illinois 60602 (referred to below as "Grantor"); and COMERICA BANK - ILLINOIS, whose address is 3044 Rose Street, Franklin Park, Illinois 60131 (referred to below as "Lender").

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GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, warrants, and conveys to Lender all of Grantor's right, title, and interest in and to the real property legally described on Exhibit "A" attached hereto and made a part hereof, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; 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, located in Cook County, State of Illinois (the "Real Property").

The Real Property or its address is commonly known as 6709 Kilpatrick, Lincolnwood, Illinois 60646. The Real Property tax identification number is 10-34-302-060.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

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 Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Borrower. The word "Borrower" means AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally, but as Trustee under Trust Agreement dated January 29, 1985 and known as Trust No. 63425.

Corporate Borrower. The words "Corporate Borrower" means Rudd Container Corporation, its successors and assigns.

Corporate Indebtedness. The words "Corporate Indebtedness" mean the indebtedness of the Corporate Borrower in favor of Lender as currently evidenced by that certain Promissory Note dated February 19, 1993 in the principal amount of \$950,000.00 as the same may be extended, renewed, modified, amended or replaced from time to time (the "Corporate Note").

Corporate Loan Documents. The words "Corporate Loan Documents" mean the Corporate Note and the documents evidencing and securing the Corporate Note including but not limited to those two (2) certain Security Agreements from the Corporate Borrower dated February 19, 1993 and securing the Corporate Note and the Continuing Guaranty of Darrell J. Rudd dated February 19, 1993.

Grantor. The word "Grantor" means any and all persons and entities executing this Mortgage, including without limitation all Grantors named above. The Grantor is the Mortgagor under this Mortgage. Any Grantor who signs this Mortgage, but does not sign the Note, is signing this Mortgage only to grant and convey that Grantor's interest in the Real Property and to grant a security interest in Grantor's interest in the Rents and Personal Property to Lender and is not personally liable under the Note except as otherwise provided by contract, by guaranty or law.

Guarantor. The word "Guarantor" means and includes without limitation, each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness, specifically including DARRELL JAY RUDD and BONNIE DEBRA RUDD.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, fixtures, buildings, structures, mobile homes affixed on the Real Property, facilities, additions and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means that Mortgage Note from Borrower to Lender of even date herewith in the amount of \$500,000.00. In addition to the Note, the word "Indebtedness" includes all obligations, debts and liabilities, plus interest thereon, of Borrower or any one or more of them, whether arising now or later, 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 Borrower may be liable individually or jointly with others, whether obligated as Guarantor or otherwise, and whether recovery upon such

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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.

Lender. The word "Lender" means COMERICA BANK - ILLINOIS, its successors and assigns. The Lender is the mortgagee under this Mortgage.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender, and includes without limitation all assignments and security interest provisions relating to the Personal Property and Rents.

Note. The word "Note" means that Mortgage Note from Borrower to Lender of even date herewith, in the amount of \$500,000.00. **NOTICE: THE NOTE CONTAINS A VARIABLE INTEREST RATE.**

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, 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.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Grant of Mortgage" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guarantees, security agreements, mortgages, deeds of trust, and all other instruments and documents, whether now or hereafter existing, executed in connection with Borrower's Indebtedness to Lender.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE: (1) PAYMENT OF THE INDEBTEDNESS; and (2) PERFORMANCE OF ALL OBLIGATIONS OF GRANTOR UNDER THIS MORTGAGE AND THE RELATED DOCUMENTS. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

WAIVERS. Grantor and Borrower waive all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor and Borrower, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

REPRESENTATIONS AND WARRANTIES. Grantor and Borrower warrant that: (a) this Mortgage is executed at Borrower's request and not at the request of Lender; and (b) Grantor has the full power and right to enter into this Mortgage and to hypothecate the Property.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Borrower shall pay to Lender all Indebtedness and Corporate Borrower shall pay to Lender all Corporate Indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor and Borrower agree that Borrower's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until in default, Borrower may remain in possession and control of and operate and manage the Property and collect the Rents from the Property, if applicable.

Duty to Maintain. Borrower shall maintain the Property in tenable condition and promptly perform all repairs, replacements and maintenance necessary to preserve its value.

Hazardous Substances. The terms "hazardous waste", "hazardous substance", "disposal", "release", and "threatened release", as used in this Mortgage, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. Borrower represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, or about the Property; (b) Borrower has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Borrower nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Property and (ii) any such activity shall be conducted in compliance

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with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor and Borrower authorize Lender and its agents to enter upon the Property to make such inspections and tests as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Property for hazardous waste. Borrower hereby: (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor or Borrower become liable for cleanup or other costs under any such laws; and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence for any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor or Borrower. The provisions of this section of the Mortgage, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Borrower 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. Specifically without limitation, neither Grantor nor Borrower will 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.

Removal of Improvements. Borrower 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 Borrower to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

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 Grantor's and Borrower's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Borrower 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. Borrower or Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower or Grantor has notified Lender in writing prior to doing so and so long as Lender's interests in the Property are not jeopardized. Lender may require Borrower or Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Borrower agrees neither to abandon nor leave unattended the Property. Borrower 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 reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Except for any "Permitted Transfer", as hereinafter defined, 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 or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, 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. If any Grantor is a corporation or partnership, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock or partnership interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Illinois law.

"Permitted Transfer" for the purposes hereof shall mean any transfer or conveyance to either of Darrell Jay Rudd or Bonnie Debra Rudd.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Mortgage.

Payment. Borrower or Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Borrower and Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Mortgage, except for the lien of taxes and assessments not due, referred to below, and except as otherwise provided in the following paragraph.

Right to Contest. Borrower or Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Borrower or Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien,

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or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Borrower and Grantor shall defend themselves and Lender and shall satisfy any adverse judgment before enforcement against the Property. Borrower and Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Borrower and Grantor 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.

Notice of Construction. Borrower or Grantor 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, materialman's lien, or other lien could be asserted on account of the work, services, or materials. Borrower will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Borrower can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage.

Maintenance of Insurance. Borrower shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Borrower shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender.

Application of Proceeds. Borrower shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor or Borrower fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security 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, Borrower shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Borrower from the proceeds for the reasonable cost of repair or restoration if Grantor and Borrower are not in default 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 Property shall be used first to pay any amount owing to Lender under this Mortgage, then to prepay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Borrower.

Unexpired Insurance of Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Mortgage at any trustee's sale or other sale held under the provisions of this Mortgage, or at any foreclosure sale of such Property.

Report on Insurance. Upon request of Lender, however not more than once a year, Borrower shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Borrower shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

TAX AND INSURANCE RESERVES. Grantor and Borrower agree to establish a reserve account to be retained from the loans proceeds in such amount deemed to be sufficient by Lender and shall pay monthly into that reserve account an amount equivalent to 1/12 of the annual real estate taxes and insurance premiums, as estimated by Lender, so as to provide sufficient funds for the payment of each year's taxes and insurance premiums one month prior to the date the taxes and insurance premiums become delinquent. Borrower or Grantor shall further pay a monthly pro-rata share of all assessments and other charges which may accrue against the Property. If the amount so estimated and paid shall prove to be insufficient to pay such taxes, insurance premiums, assessments and other charges, Borrower or Grantor shall pay the difference on demand of Lender. All such payments shall be carried in an interest-free reserve account with Lender, provided that if this Mortgage is executed in connection with the granting of a mortgage on a single-family owner-occupied residential property, Borrower, in lieu of establishing such reserve account, may pledge an interest-bearing savings account with Lender to secure the payment of estimated taxes, insurance premiums, assessments, and other charges. Lender shall have the right to draw upon the reserve (or pledge) account to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Mortgage shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. All amounts in the reserve account are hereby pledged to further secure the indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the indebtedness upon the occurrence of an event of default as described below.

EXPENDITURES BY LENDER. If Borrower or Grantor 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 Borrower's and Grantor's behalf may, but shall not be required to, take

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any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower or Grantor. All such expenses, at Lender's option, will: (a) be payable on demand; (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note; or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Mortgage also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage.

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

Defense of Title. Subject to the exception in the paragraph above, Grantor and Borrower warrant 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 Grantor's title or the interest of Lender under this Mortgage, Grantor and Borrower shall defend the action at Borrower's expense. Borrower and Grantor may be the nominal parties 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 Borrower and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Law. Borrower warrants that the Property and Borrower's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

CORPORATE INDEBTEDNESS. The following provisions concerning the Corporate Indebtedness are a part of this Mortgage.

Additional Collateral. The Corporate Borrower shall by Agreement of even date with this Mortgage give, grant and pledge a security interest in the collateral under the Corporate Loan Documents as collateral for the repayment of the Indebtedness of the Borrower.

Cross-Default. If the payment of any installment of principal or any interest of the Corporate Indebtedness is not made within the time required by the Corporate Note evidencing the Corporate Indebtedness, or should a default occur under any of the Corporate Loan Documents and not be cured within ten (10) days after notice to Darrell Jay Rudd, then, at the option of Lender, the Indebtedness secured by this Mortgage shall become immediately due and payable, and this Mortgage shall be in default. (The ten (10) day cure period hereunder with respect to a default under the Corporate Note or Corporate Loan Documents is granted for purposes of the Note and this Mortgage only and is not intended to modify the terms of the Corporate Note or the Corporate Loan Documents.) Likewise, the Corporate Borrower shall by Agreement of even date with this Mortgage agree and acknowledge that if the payment of any installment of principal or any interest of the Indebtedness Note is not made within the time required by the Note evidencing the Indebtedness, or should a default occur under any of the Mortgage or the Related Documents and not be cured during any applicable grace period therein, then, at the option of Lender, the Corporate Indebtedness secured by the Corporate Loan Documents shall become immediately due and payable, and the Corporate Note and Corporate Loan Documents shall be in default.

CONDEMNATION. The following provisions relating to condemnation of the Property are a part of this Mortgage.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees necessarily paid or incurred by Grantor or Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor or Borrower shall promptly notify Lender in writing, and Grantor or Borrower shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor and Borrower may be the nominal parties in such a proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor and Borrower will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage.

Current Taxes, Fees and Charges. Upon request by Lender, Grantor or Borrower 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. Borrower 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,

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documentary stamps, and other charges for recording or registering this Mortgage.

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

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 (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Borrower either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage.

Security Agreement. This instrument 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.

Security Interest. Upon request by Lender, Grantor and Borrower 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 Grantor or Borrower, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Borrower shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Borrower shall assemble the Personal Property in a manner and at a place reasonably convenient to Borrower and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Mortgage may be obtained (such as required by the Uniform Commercial Code), are as stated on the first page of this Mortgage. Further, the mailing address of Borrower (debtor) is the address of the Property.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage.

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor or Borrower 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, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor and Borrower under the Note, this Mortgage, and the Related Documents, and (b) the liens and security interests created by this Mortgage on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor or Borrower fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor or Borrower at Borrower's expense. For such purposes, Borrower hereby irrevocably appoints Lender as Borrower'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 sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor or Borrower under this Mortgage and there is no default under the Corporate Note and the Corporate Loan Documents, Lender shall execute and deliver to Borrower 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. Borrower will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Mortgage:

Default on Indebtedness. Failure of Borrower to make any payment when due on the indebtedness within ten (10) days after the date due.

Default on Other Payments. Failure of Borrower to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien when due and which (with the exception of insurance) continues to remain unpaid within thirty (30) days after notice to Darrell Jay Rudd. Insurance must be paid for when due.

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Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Mortgage, the Note or in any of the Related Documents within thirty (30) days after notice to Darrell Jay Rudd.

Breaches. Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor or Borrower under this Mortgage, the Note or the Related Documents is, or at the time made or furnished was, false in any material respect which is not corrected within thirty (30) days after notice to Darrell Jay Rudd.

Insolvency. The insolvency of Grantor or Borrower, appointment of a receiver for any part of Grantor or Borrower's property, any assignment for the benefit of creditors, the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor or Borrower, or the dissolution or termination of Grantor or Borrower's existence as a going business (if Grantor or Borrower is a business). Except to the extent prohibited by federal law or Illinois law, the death of Grantor or Borrower (if Grantor or Borrower is an individual) also shall constitute an Event of Default under this Mortgage.

Foreclosure, etc. Commencement of foreclosure, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure, provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

Breach of Other Agreement. Any breach by Grantor or Borrower under the terms of any other agreement between Grantor or Borrower and Lender, including without limitation any agreement concerning any indebtedness or other obligation of Grantor or Borrower to Lender, whether existing now or later which is not cured within thirty (30) days after notice to Darrell Jay Rudd.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or such Guarantor dies or becomes incompetent or any Guarantor revokes any guaranty of the indebtedness.

Insecurity. Lender reasonably deems itself insecure.

Default under the Corporate Indebtedness. Default of the Corporate Borrower under the Corporate Indebtedness or under any instrument or under the Corporate Loan Documents all securing the Corporate Indebtedness, or commencement of any sale of the collateral under the Corporate Loan Documents which default, to constitute a default hereunder, shall continue for more than ten (10) days after notice to Darrell Jay Rudd. (This cure period granted herein with respect to the Corporate Indebtedness and Corporate Loan Documents is granted for the purposes of this Mortgage and the Note secured hereby and is not meant to modify the terms of the Corporate Indebtedness or the Corporate Loan Documents.)

RIGHTS AND REMEDIES ON DEFAULT. 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:

Accelerate Indebtedness. Lender shall have the right, at its option without notice to Borrower to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Borrower would be required to pay.

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.

Collect Rents. Lender shall have the right, without notice to Grantor or Borrower, 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 the Rents are collected by Lender, then Grantor and Borrower irrevocably designate Lender as Borrower's attorney-in-fact to endorse instruments received in payment thereof in the name of Borrower 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 subparagraph either in person, by agent, or through a receiver.

Mortgagee In Possession. Lender shall have the right to be placed as mortgagee in possession or to have a receiver appointed 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 costs 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.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

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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.

Successors and Assigns. Subject to the limitations stated in this Mortgage on transfer of Grantor's interest, 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 Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Borrower from the obligations of this Mortgage or liability under the Indebtedness, subject to any liability under any guaranty.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waiver of Homestead Exemption. Grantor and Borrower hereby release and waive all rights and benefits of the homestead exemption laws of the State of Illinois as to all indebtedness secured by this Mortgage.

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. No prior waiver by Lender, nor any course of dealing between Lender and Grantor or Borrower, shall constitute a waiver of any of Lender's rights or any of Grantor or Borrower's obligations as to any future transactions. Whenever consent by Lender is required in this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

Exculpatory. This instrument is executed by AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally, but solely as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee. All the terms, provisions, stipulations, covenants, and conditions to be performed by AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO are undertaken by it solely as Trustee as aforesaid, and not individually and no personal liability shall be asserted or enforceable against AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO by reason of anything contained in said instrument, or in any previously executed document whether or not executed by AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO either individually or as Trustee as aforesaid, relating to the subject matter of the foregoing agreement, all such personal liability, if any, being expressly waived by every person now or hereafter claiming any right or security hereunder.

IN WITNESS WHEREOF, this Mortgage has been executed as of the date first set forth above.

AMERICAN NATIONAL BANK AND TRUST
COMPANY OF CHICAGO, not personally, but
as Trustee under Trust Agreement dated
January 29, 1985 and known as Trust Number
63425

By: Gregory E. Kasper
Its: Secretary

ATTEST: (SEAL)

By: Anita M. Latham
Its: ASSISTANT SECRETARY

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JOINDER BY THE BENEFICIARIES

The undersigned beneficiaries of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally, but as Trustee under Trust Agreement dated January 29, 1985 and known as Trust No. 63425 (referred to as the "Beneficiaries"), hereby execute this Mortgage for the purpose of joining herein, making the assignments, grants of security interests, transfers and conveyances hereunder, and making, undertaking and agreeing to the covenants, agreements, obligations, and representations herein, all in accordance with and subject to the following:

A. The Beneficiaries hereby grant to the Lender, as security for the secured obligations, a security interest in all of the Property described in the Mortgage which constitutes fixtures under the Uniform Commercial Code and also all of said property which constitutes Personal Property not constituting a part and parcel of the real estate.

B. The Beneficiaries hereby assign to the Lender, as security for the secured obligations, all of the rents, issues, and profits and all of the leases, letting, and other agreements for the use as occupancy of the Property, now or hereafter made, as more fully described in paragraph 14 of the Mortgage.

C. The Beneficiaries hereby covenant and agree to be bound by, and to be deemed to have entered into and made, all of the Grantor's and Borrower's covenants, agreements, obligations and representations (which shall constitute representations and warranties of the Beneficiaries) under the Mortgage with the same force and effect as if they were fully set forth herein verbatim.

Executed in Illinois, this 3rd day of August, 1993.


DARRELL JAY RUDD


BONNIE DEBRA RUDD

9371189

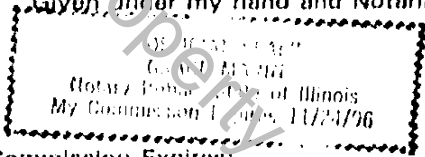
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TRUSTEE'S ACKNOWLEDGEMENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Grace Martin, a Notary Public in and for the County and State aforesaid, do hereby certify that Gregory S. Kasprzik and Antonia M. Zukaus the Assistant Secretary respectively of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such officers, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said bank, not personally but as Trustee under Trust No. 63425 for the uses and purposes therein set forth, and that the said Gregory S. Kasprzik did then affix the seal of said bank as his/her own free and voluntary act and as the free and voluntary act of said bank, not personally but as Trustee aforesaid, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 30 day of August, 1993



Grace Martin
Notary Public

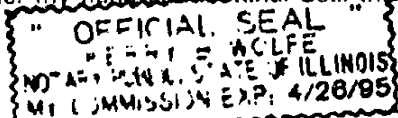
My Commission Expires:

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Illinois)
) SS
COUNTY OF Lake)

I, Kerry B Wolfe, a Notary Public in and for and residing in said County, in the State aforesaid, DO HEREBY CERTIFY, that DARRELL JAY RUDD, who is 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 acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 30 day of August, A.D. 1993.



Kerry B Wolfe
Notary Public

My Commission Expires:

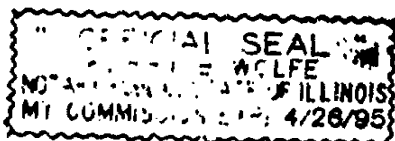
STATE OF Illinois)
) SS
COUNTY OF Lake)

I, Kerry B Wolfe, a Notary Public in and for and residing in said County, in the State aforesaid, DO HEREBY CERTIFY, that BONNIE DEBRA RUDD, who is 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 acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 30 day of August, A.D. 1993.

Kerry B Wolfe
Notary Public

My Commission Expires:



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Property of Cook County Clerk's Office

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EXHIBIT "A"

Legal Description

THE SOUTH 34 FEET OF LOT 8 AND THE NORTH 39 FEET OF LOT 9 IN BLOCK 5 IN LINCOLNWOOD TERRACE BEING A SUBDIVISION OF THE SOUTH WEST 1/4 OF SECTION 34, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N. 10-34-302-060

PROPERTY ADDRESS: 6709 KILPATRICK, LINCOLNWOOD, ILLINOIS 60046

Property of Cook County Clerk's Office

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