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PREPARED BY AND  
AFTER RECORDING MAIL TO:  
ROBERT J. KRULL  
100 W. MONROE, SUITE 1500  
CHICAGO, ILLINOIS 60603

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REF TITLE

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COOK COUNTY RECORDER

## MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

33 <sup>cc</sup> MW

THIS MORTGAGE ("Security Instrument") is given on April 17, 1996. The Mortgagor is The Arnold Investment Group, Ltd., an Illinois corporation ("Borrower").

This Security Instrument is given to Royal American Bank which is organized and existing under the laws of the State of Illinois, and whose address is 1501 Colonial Parkway, Inverness, Illinois ("Lender"). This Security Instrument secures to Lender: (a) the payment of any of the obligations listed on Exhibit A; (b) the payment of all other sums, with interest, advanced under paragraph 5 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Guaranties (as described on Exhibit A). Provided, however, the amount hereby secured shall not exceed \$10,000,000. Borrower has an interest in Arnold Graphic Resources, Inc. ("Graphic"), Graphic is a tenant of Borrower, and Borrower will benefit from the financial accommodations secured by the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property ("Real Estate") located in Cook County, Illinois:

THAT PART OF LOT 9 IN TOLLWAY INDUSTRIAL PARK, BEING A SUBDIVISION OF PART OF THE EAST 1/2 OF SECTION 33 AND PART OF THE WEST 1/2 OF SECTION 34, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS DESCRIBED AS FOLLOWS: BEGINNING AT THE EASTERNMOST CORNER OF SAID LOT 9, BEING THE INTERSECTION OF THE SOUTHERLY LINE OF PALMER DRIVE WITH THE WESTERLY LINE OF HAMMOND DRIVE; THENCE SOUTHWESTWARD ALONG THE SAID WESTERLY LINE OF HAMMOND DRIVE, SOUTH 21 DEGREES 40 MINUTES 34 SECONDS WEST, A DISTANCE OF 320 FEET TO THE SOUTHERNMOST CORNER OF SAID LOT 9; THENCE NORTHWESTWARD ALONG THE SOUTHERLY LINE OF SAID LOT 9, NORTH 74 DEGREES 35 MINUTES 36 SECONDS WEST, A DISTANCE OF 310.00 FEET; THENCE NORTH 15 DEGREES 31 MINUTES 09 SECONDS EAST, A DISTANCE OF 375.91 FEET TO A POINT ON A CURVED LINE BEING THE SOUTHERLY LINE OF PALMER DRIVE; THENCE SOUTHEASTERLY ALONG THE SAID CURVED LINE CONVEXED TO THE SOUTH WEST OF 740.48 FEET IN RADIUS FOR AN ARC LENGTH OF 172.01 FEET TO A POINT OF TANGENCY; THENCE SOUTHEASTERLY ALONG THE SOUTHERLY LINE OF PALMER DRIVE, BEING TANGENT TO THE LAST DESCRIBED CURVE, SOUTH 68 DEGREES 19 MINUTES 26 SECONDS EAST, A DISTANCE OF 177.99 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

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TAX I.D. #02-34-300-033

which has the address of 2122-30 Palmer Drive, Schaumburg, Illinois 60173 ("Property Address");

TOGETHER WITH all the Improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

**BOX 169**

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INCLUDED within the term "Property" are (a) any and all structures, buildings and improvements and replacements thereof and additions thereto, now or at any time hereafter constructed, erected, installed or placed in or upon the Real Estate; (b) any and all fixtures, fitting, appliances, apparatus, equipment, machinery, chattels and articles of personal property, including, but not limited to, apparatus, equipment or articles used to supply heating, gas, electricity, air conditioning, water, light, power, sprinkler protection, waste removal, refrigeration and ventilation, and all floor coverings, screens, storm windows, blinds, awnings and all other fixtures and personal property of whatever kind and nature now or at any time hereafter affixed to, attached to, placed upon, or used, or stores on or off the site, or in any way connected with the complete and comfortable use, enjoyment, occupancy or operation of the Property (except only personal property owned by tenants who occupy the Property) and all renewals and replacements thereof or articles in substitution thereof; and all proceeds and profits thereof and all of the estate, right, title and interest of the Mortgagor in and to all property of any nature whatsoever, now or hereafter situated on the Real Estate or intended to be used in connection with the operation of the Property; (c) all rent, income, profits, revenues, receipts, royalties, bonuses, rights, accounts, contract rights, general intangibles, books and records relating to the Property and benefits and guarantees under any and all leases, tenancies, licenses of other use agreements or arrangements now existing or hereafter created of the Property or any part thereof with the right to receive and apply the same to the Indebtedness, and Mortgagee may demand, sue for and recover such payments but shall not be required to do so; (d) all judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Property of any part thereof or interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Property or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets; (e) all proceeds of the conversion, voluntary or involuntary of any of the foregoing into cash or liquidated claims; (f) any monies on deposit for the payment of real estate taxes or special assessments against the Property or for the payment of premiums on policies of fire and other hazard insurance covering the collateral described hereunder or the Real Estate and all proceeds paid for damage done to the collateral described hereunder or the Real Estate; and (g) all substitutions, replacements, additions and proceeds, including insurance and condemnation award proceeds, of any of the foregoing property; it being understood that the enumeration of any specific articles of property shall in no way exclude or be held to exclude any items of property not specifically mentioned. All of the land, estate and property hereinabove described, real personal and mixed, whether affixed or annexed or not (except where otherwise hereinabove specified) and all rights hereby conveyed and mortgaged, Mortgagor hereby declares and agrees shall be and remain and constitute a portion of the security for the Indebtedness and a part of the Real Estate covered by and subject to the lien of this Mortgage. If the lien of this Mortgage be subject at any time to a security instrument or security interest under the Illinois Uniform Commercial Code, Chapter 26, Section 1-101, et. seq., Illinois Revised Statutes (hereinafter referred to as "UCC") covering any personal property other than the one granted hereby in favor of Mortgagee, all the right, title equity and interest of Mortgagor in and to any and all such personal property, together with the benefits of any deposits or payments made thereon by Mortgagor or its successors or assigns, shall nevertheless be and are hereby assigned to Mortgagee, its successors or assigns, and are covered by and subject to the lien of this Mortgage; and Mortgagor shall promptly on request of Mortgagee procure the discharge of any such security instruments or security interests under the UCC so that this Mortgage shall at all times constitute a first and superior lien on all of such personal property. As to the above-described personal property which the UCC classifies as fixtures, this instrument shall constitute a fixture filing and financing statement under the UCC with each Mortgagor as debtors, and Mortgagee as secured party thereunder.

**BORROWER COVENANTS** that Borrower is lawfully seised of the estate hereby conveyed, and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record; and it is not Homestead Property. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

**COVENANTS.** Borrower and Lender covenant and agree as follows:

1. **Payment of Amount Guaranteed.** Borrower shall cause the obligations described on Exhibit A to be paid when due.
2. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security instrument, and leasehold payments or ground rents, if any. Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. Borrower shall promptly furnish to Lender receipts evidencing the payments.

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Borrower shall promptly discharge any lien, other than the Permitted Mortgage Liens which is hereafter described, which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

3. **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property Insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 5.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make a proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

If under paragraph 15 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

4. **Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

5. **Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 5, Lender does not have to do so.

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Any amounts disbursed by Lender under this paragraph 5 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the prime rate announced and in effect at LaSalle National Bank, plus 4% per annum, and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

6. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

7. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

8. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

9. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument of the Note without the Borrower's consent.

10. **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

11. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be

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directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

12. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

13. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

14. **Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 14, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, material containing asbestos or formaldehyde and radioactive materials. As used in this paragraph 14, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

15. **Cross Default.** Any default, not cured within the time permitted to cure, in the payment or performance of any obligation of Borrower or Guarantor to Lender, shall be a default hereunder entitling Lender to pursue the remedies provided in paragraph 16 hereof.

16. **If Lender shall have made demand under the Guaranties and guarantors have failed to pay all amounts demanded within 5 days of such demand or if Borrower has breached any covenant hereunder and not cured within the time permitted, Lender at its option may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 16, including, but not limited to, reasonable attorney's fees and costs of title evidence.**

17. **Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation cost.

18. **Waiver of Homestead.** Borrower waives all right of homestead exemption in the Property.

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## EXHIBIT A

### Obligations Secured

All of the obligations under contracts of guaranty executed and delivered to Lender on July 10, 1992 by Lorna M. Arnold, Lorraine Arnold and Robert H. Arnold ("Guaranties"),

which Guaranties guaranty all of the obligations of Arnold Graphic Resources, Inc., including, but not limited to the obligations evidenced by the following notes, and all renewals, modifications and extensions thereof:

| <u>Date</u>        | <u>Original Amount</u> | <u>Maturity</u>   |
|--------------------|------------------------|-------------------|
| January 31, 1996   | \$600,000.00           | May 1, 1996       |
| December 7, 1995   | \$ 67,600.00           | December 7, 2000  |
| October 4, 1995    | \$ 64,000.00           | October 1, 2000   |
| September 12, 1995 | \$ 36,500.00           | September 1, 1998 |
| February 15, 1995  | \$344,000.00           | February 15, 2000 |
| May 24, 1995       | \$ 60,000.00           | May 24, 2000      |
| December 17, 1993  | \$ 78,043.62           | August 15, 1996   |
| December 17, 1993  | \$182,566.74           | December 15, 1997 |

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