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6-476, 98, 764-0F

**SECURITY AGREEMENT**  
(All Business Assets)

12

1. AUGUSTINE J. PONNEZHAN, ROSEMANI A. PONNEZHAN and LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST AGREEMENT DATED JANUARY 14, 1998, KNOWN AS TRUST NO. 121369 (herein called "Debtor"), whose principal place of business is 147 Cobblestone Drive, Crete, Illinois 60417, in consideration of the Promissory Note made to M.A.M. MANAGEMENT, the Secured Party (herein "M.A.M. MANAGEMENT") and to secure the payment of said loans and any and all other liabilities and obligations of Debtor to M.A.M. MANAGEMENT, howsoever created, arising or evidenced, and howsoever owned, held or acquired, whether now or hereafter existing, whether now due or to become due, whether direct or indirect, or absolute or contingent, and whether several joint or joint and several (all of which liabilities and obligations are herein called the "Liabilities"), does hereby pledge, assign, transfer and deliver to M.A.M. MANAGEMENT and does hereby grant to M.A.M. MANAGEMENT a continuing security interest in and to all property of Debtor of any kind or description, tangible or intangible, whether now existing or hereafter acquired and wherever now or hereafter located, including, but not limited to, (i) cash, negotiable instruments, documents of title, chattel paper, securities, certificates of deposit, deposit accounts, interest or dividends thereon, other cash equivalents and all other property of whatever description of Debtor; and (ii) the following additional property of Debtor;

- (a) All rents, accounts, and other obligations or indebtedness owed to Debtor from whatever source arising; all rights of Debtor to receive any payments in money or kind; all guaranties of the foregoing and security therefor; and all of the foregoing, whether now owned or existing or hereafter created or acquired (collectively referred to as "Receivables");
- (b) All appliances and equipment and furniture and fixtures, now owned or hereafter acquired by Debtor, and used or acquired for use in the business of Debtor together with all accessions thereto and all substitutions and replacements thereof and parts therefor (collectively referred to as "Equipment");
- (c) All cash or non-cash proceeds and products of any of the foregoing, including insurance proceeds; and
- (d) All ledger sheets, files, records, documents, and instruments (including, but not limited to, computer programs, tapes, and related electronic data processing software) evidencing an interest in or relating to the above.

2. All of the aforesaid personal property and the products and proceeds thereof are herein individually and

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collectively called the "Collateral." The terms used herein to identify the Collateral shall have the same meanings as are assigned to such terms as of the date hereof in the Illinois Uniform Commercial Code.

3. Debtor shall, at M.A.M. MANAGEMENT's request, at any time and from time to time, execute and deliver to M.A.M. MANAGEMENT such financing statements and other documents and do such acts as M.A.M. MANAGEMENT may deem necessary in order to establish and maintain a valid, attached and perfected security interest in the Collateral in favor of M.A.M. MANAGEMENT, free and clear of all liens, claims and rights of third parties whatsoever, except that this security interest shall be subordinate to the security interest of LaSalle Bank, N.A. Debtor hereby irrevocably appoints any officer of M.A.M. MANAGEMENT (designated by M.A.M. MANAGEMENT for such purpose) its attorney-in-fact, in Debtor's name, place and stead, to execute such financing statements and other documents and to do such other acts as M.A.M. MANAGEMENT may require to perfect and preserve M.A.M. MANAGEMENT's security interest in, and to enforce such interest in, the Collateral, hereby ratifying and confirming all that said attorney-in-fact may do or cause to be done by virtue hereof.

4. Except for the security interest of LaSalle Bank, N.A. in the subject collateral, M.A.M. MANAGEMENT's security interest in each of the items of Collateral shall be valid, complete and perfected whether or not the same shall be covered by a specific assignment. Under default hereunder, Debtor shall be entitled to possession of the Collateral enumerated in Paragraph 1 above.

5. Debtor agrees that:

- (a) Debtor will notify M.A.M. MANAGEMENT promptly in writing of any addition to, change in or discontinuance of its place or places of business, as listed above, and of any addition to, change in, or discontinuance of the location of the office wherein Debtor keeps its records, and of any addition to, change in or discontinuance of the location or locations where it holds or stores the Collateral.
- (b) Debtor will deliver M.A.M. MANAGEMENT annual rent rolls for the property and arrange for verification of the Collateral, under reasonable procedures, by M.A.M. MANAGEMENT making its own inventory and appraisal of the Collateral or by other methods. Debtor will furnish to M.A.M. MANAGEMENT upon request, additional descriptions of any Collateral, together with all notes or other papers evidencing the same, and any guaranties, securities, or other documents and information relating thereto; and in the event of default Debtor will furnish

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to M.A.M. MANAGEMENT such financial statements and other information as M.A.M. MANAGEMENT may request.

- (c) Debtor will at all times at the request of M.A.M. MANAGEMENT, do, make, execute and deliver any and all such additional and further acts, things, deeds, assurances and instruments as M.A.M. MANAGEMENT may require, to more completely vest in and assure to M.A.M. MANAGEMENT its rights hereunder and its rights in or to the Collateral and the proceeds thereof, and the real estate, if any, given as additional security, and Debtor will pay the cost of any necessary additional filings.

6. Debtor further covenants with M.A.M. MANAGEMENT that:

- (a) Except for its loan to LaSalle Bank, N.A. of even date, Debtor will not sell, lease or grant any further security interest in the Collateral and will not part with possession of the same, except in the usual and ordinary course of Debtor's business.
- (b) Debtor will not use or permit the Collateral to be used in violation of any law or ordinance.
- (c) Debtor will not remove or permit the Collateral to be moved from Debtor's address set forth above without the prior written consent of M.A.M. MANAGEMENT, except in the usual and ordinary course of Debtor's business.

7. Debtor represents and warrants to M.A.M. MANAGEMENT as follows:

- (a) Debtor is an individual, residing in Crete, Illinois.
- (b) This Security Agreement constitutes a legal, valid and binding obligation of Debtor enforceable against Debtor in accordance with its terms including the subordination to LaSalle Bank, N.A., except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.
- (c) This Security Agreement is subordinate to the rights of LaSalle Bank, N.A. made by Debtor of even date.

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- (d) Except for the security interests of LaSalle Bank, N.A. referred to herein, the execution of this Security Agreement will not be in contravention of any agreement or undertaking to which Debtor is a party or by which Debtor is bound.
- (e) Except for the security interests of LaSalle Bank, N.A. referred to herein and of M.A.M. MANAGEMENT therein, Debtor is the owner of the Collateral free and clear of any liens, security interests, encumbrances, or other rights or claims of any other person, firm, or corporation, and Debtor will defend the Collateral against all claims and demands of any person, firm or corporation at any time asserting any interest in the Collateral adverse to M.A.M. MANAGEMENT.
- (f) As to Collateral acquired after the date hereof, Debtor warrants that all such Collateral will be owned free and clear of any liens, security interests, encumbrances, or other rights or claims of any other person, firm or corporation, except for the Security Interest of LaSalle Bank, N.A. referred to herein and Debtor will defend the Collateral against all claims and demands of any person, firm or corporation at any time asserting any interest in the Collateral adverse to M.A.M. MANAGEMENT.
- (g) Other than the financing statement in favor of LaSalle Bank, N.A., there is no financing statement, as that term is defined in the Uniform Commercial Code of Illinois, whether or not on file in any public office, covering any property that is included in, or intended to be included in, the definition of Collateral as set forth herein; and so long as any amount remains unpaid on any obligation of Debtor to M.A.M. MANAGEMENT or there is any extension of credit from M.A.M. MANAGEMENT to Debtor under any agreement, Debtor will not execute, and there will not be on the file in any public office, any financing statement or statements except the following:
- (i) The financing statement(s) filed to be filed evidencing the security interests of LaSalle Bank, N.A. and that of M.A.M. MANAGEMENT granted hereby.
- (h) Debtor has places of business only at the address shown at the beginning of this Security Agreement.

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- (i) Debtor keeps its records concerning accounts, contract rights, inventory and chattel paper only at the address shown at the beginning of this Security Agreement.
- (j) All of the Collateral currently owned by Debtor, and all of the Collateral hereafter acquired, is, or will be, held or stored only at the locations listed below:
- (i) the address of Debtor shown at the beginning of this Security Agreement;
  - (ii) the address of the real property containing the appliances, and equipment, which property was sold to Debtor by M.A.M. MANAGEMENT.
- (k) All warranties of Debtor contained herein and in other documents executed contemporaneously herewith are true at the date of Debtor's execution thereof, will survive the execution and acceptance thereof by M.A.M. MANAGEMENT and will be true at all times subsequent to Debtor's execution thereof.

8. Debtor further agrees that:

- (a) Debtor will, at its own expense, keep all Collateral fully insured, with carriers and in such amounts as are acceptable to M.A.M. MANAGEMENT, said insurance to include (but not be limited to) coverage against the hazards of fire, sprinkler and water damage, those hazards normally covered by "extended coverage insurance" as that term is commonly used in the commercial insurance industry, and any additional coverage specified by M.A.M. MANAGEMENT. Debtor will deliver to M.A.M. MANAGEMENT either the insurance policies themselves, or certificates evidencing the same and evidence to M.A.M. MANAGEMENT that all premiums have been paid. All policies will provide that the issuer will give M.A.M. MANAGEMENT at least thirty (30) days written notice before any such policy or policies of insurance may be altered or cancelled and that no act of Debtor shall affect the right of M.A.M. MANAGEMENT to recover under such policy or policies in case of loss or damage.
- (b) In the event Debtor fails to obtain insurance as required herein, fails to keep the same in force, or fails to adequately insure the Collateral, M.A.M. MANAGEMENT may obtain whatever insurance it

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deems necessary, and pay the premium on said insurance for the account of Debtor. Any such amounts advanced by M.A.M. MANAGEMENT pursuant hereto shall be deemed to be a part of the Liabilities secured by this Security Agreement.

9. Debtor shall furnish to M.A.M. MANAGEMENT annual rent rolls for the property.

10. M.A.M. MANAGEMENT may, but is not required to, take such action from time to time as it deems appropriate to maintain or protect the Collateral, and in particular may at any time (1) transfer the whole or any part of the Collateral into its name or the name of its nominee; (2) collect any amounts due on the Collateral directly from persons obligated thereon; (3) take control of any proceeds and products of the Collateral; and (4) sue or make any compromise or settlement with respect to any of the Collateral; provided, that any such action of M.A.M. MANAGEMENT as in this paragraph set forth shall not in any manner whatsoever impair or affect any liability hereunder, nor prejudice or waive, nor be construed to impair, affect, prejudice or waive M.A.M. MANAGEMENT's rights and remedies at law, in equity or by statute, nor release or discharge, nor be construed to release or discharge, Debtor or any guarantor or other person, firm or corporation liable to M.A.M. MANAGEMENT for the Liabilities, whether now existing or hereafter created or arising, howsoever evidenced.

11. All Liabilities shall, at the option of M.A.M. MANAGEMENT and notwithstanding any maturity date provided by any instrument evidencing a Liability, immediately become due and payable without notice or demand upon the occurrence of any of the following events (each an "Event of Default"):

- (a) Nonpayment when due of principal, interest or any other amount constituting any of the Liabilities or default by Debtor in the payment or performance of any obligation, covenant or undertaking contained or referred to in this Security Agreement, in any evidence of indebtedness evidencing any of the Liabilities or in any other agreement or document executed in connection therewith, which is not remedied within five days after written notice from M.A.M. MANAGEMENT.
- (b) Any warranty, representation or statement made or furnished to M.A.M. MANAGEMENT by or on behalf of Debtor in connection with this Security Agreement or the Collateral proves to have been false in any material respect when made or furnished or at any time thereafter; or

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- (c) The loss, theft, damage or destruction of a substantial amount of the Collateral, or the sale of some or all of the Collateral other than in the ordinary course of business, or the imposition of a lien or encumbrance upon any of the Collateral, or the making of any levy, seizure, or attachment thereof or thereon, which is not remedied within ten days after written notice from the M.A.M. MANAGEMENT.

12. Upon the occurrence of an Event of Default hereunder:

- (a) All Liabilities may, at the option of M.A.M. MANAGEMENT, and without demand, notice or legal process of any kind, be declared, and immediately shall become, due and payable, and M.A.M. MANAGEMENT may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code and any other applicable law in addition to, and not in lieu of, any rights and remedies expressly granted in this Security Agreement or in any other agreements;
- (b) Without notice, demand or legal process of any kind (other than the notice referenced in Section 12(a) above, M.A.M. MANAGEMENT may take possession of any or all of the Collateral (in addition to Collateral of which it already has possession), wherever it may be found, and for that purpose may pursue the same wherever it may be found, and may enter into any of Debtor's premises where any of the Collateral may be or is supposed to be, and search for, take possession of, remove, keep and store any of the Collateral until the same shall be sold or otherwise disposed of, and M.A.M. MANAGEMENT shall have the right to store the same in any of Debtor's premises without cost to M.A.M. MANAGEMENT; and
- (c) At M.A.M. MANAGEMENT's request, Debtor will, at Debtor's expense, assemble the Collateral and make it available to M.A.M. MANAGEMENT at a place or places to be designated by M.A.M. MANAGEMENT which is reasonably convenient to M.A.M. MANAGEMENT and Debtor.

Debtor recognizes that in the event Debtor fails to perform, observe or discharge any of its obligations or liabilities under this Security Agreement or the other agreements, no remedy at law will provide adequate relief to M.A.M. MANAGEMENT, and agrees that M.A.M. MANAGEMENT shall be entitled

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to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages. Any notification of intended disposition of any of the Collateral required by law shall be deemed reasonably and properly given at least five (5) calendar days before such disposition. Any proceeds of any disposition by M.A.M. MANAGEMENT of any of the Collateral may be applied by M.A.M. MANAGEMENT to the payment of expenses in connection with the Collateral, and any balance of such proceeds may be applied by M.A.M. MANAGEMENT toward the payment of such of the Liabilities, and in such order of application, as M.A.M. MANAGEMENT may from time to time elect.

13. Debtor waives the benefit of any law that would otherwise restrict or limit M.A.M. MANAGEMENT in the exercise of its right, which is hereby acknowledged, to appropriate at any time hereafter any indebtedness owing from M.A.M. MANAGEMENT to Debtor. Debtor waives every defense, cause of action, counterclaim or set-off which Debtor may now have or hereafter may have to any action by M.A.M. MANAGEMENT in enforcing payment of the Liabilities or the Collateral and ratifies and confirms whatever M.A.M. MANAGEMENT may do pursuant to the terms hereof and with respect to the Collateral and agrees that M.A.M. MANAGEMENT shall not be liable for any error of judgment or mistakes of fact or law.

14. Except for any notice required by statute or that provided under the Real Estate Installment Note, Debtor waives all notices and demands in connection with the enforcement of M.A.M. MANAGEMENT's rights hereunder, and hereby consents to, and waives notices of the release with or without consideration of any Debtor hereunder or of any Collateral. Any failure of M.A.M. MANAGEMENT to exercise any rights available hereunder or otherwise shall not be construed as a waiver of the right to exercise the same or any other right at any other time.

15. Debtor hereby irrevocably appoints any officer of M.A.M. MANAGEMENT (designated by M.A.M. MANAGEMENT for such purpose) its attorney-in fact, in Debtor's name, place and stead, and hereby authorizes said attorney-in-fact to execute change of address forms with the Postmaster of the U.S. Post Office serving the address of Debtor, to change the address of Debtor to that of M.A.M. MANAGEMENT, and to open all envelopes addressed to Debtor and apply any payments therein contained to the Liabilities, all of which M.A.M. MANAGEMENT may, after default, do at its option.

16. Debtor agrees to pay all expenses, including, but not limited to, reasonable attorneys' fees, court costs, storage costs, rental charges, transportation charges and similar expenses paid or incurred in enforcing, or in attempting to enforce, any of M.A.M. MANAGEMENT's rights hereunder or under any other agreement

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with M.A.M. MANAGEMENT, or in connection with the Collateral, promptly on demand of M.A.M. MANAGEMENT or other person paying or incurring the same.

17. Debtor irrevocably agrees that, in M.A.M. MANAGEMENT's sole and absolute discretion, all actions, suits and proceedings in any manner or way arising out of or in respect to this Security Agreement, any documents executed concurrently herewith, or the Collateral, shall be litigated in courts within the County of Cook, State of Illinois, or having jurisdiction with respect to said County. Debtor expressly submits to the jurisdiction of any state or federal court located within or having jurisdiction over said County. Debtor waives any right it may have to change the venue of any litigation brought in accordance herewith.

18. If at any time, by assignment or otherwise, M.A.M. MANAGEMENT transfers any Liabilities due M.A.M. MANAGEMENT hereunder or any Collateral, or other security therefor, such transfer shall include all of M.A.M. MANAGEMENT's rights and powers, under this Security Agreement with respect to said Liabilities, Collateral, or other security transferred and the transferee shall become vested with all the same rights and powers, whether or not they are specifically referred to in the instrument of transfer. If and to the extent that M.A.M. MANAGEMENT retains any other Liabilities or Collateral or other security, M.A.M. MANAGEMENT will continue to have the rights and powers herein set forth with respect thereto.

19. M.A.M. MANAGEMENT shall have the exclusive right to determine how, when and what application of payments and credits, if any, whether derived from Debtor, the Collateral, or any other source, shall be made on the Liabilities, and such determination shall be conclusive upon Debtor.

20. This Security Agreement shall be governed and construed in accordance with the internal laws of Illinois (and not the law of conflicts) and shall be binding upon Debtor and Debtor's heirs, legal representatives, successors and assigns. If this Security Agreement contains any blanks when executed by Debtor, M.A.M. MANAGEMENT is hereby authorized, without notice to Debtor, to complete any such blanks according to the terms upon which any loan or loans have been granted. Wherever possible, each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or be invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Security Agreement.

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21. The rights conferred by this Security Agreement are in addition to, and not in derogation of, any other rights M.A.M. MANAGEMENT may have under any agreement, writing or applicable statute or rule of law. M.A.M. MANAGEMENT shall not be deemed to have waived any of its rights hereunder, under any other agreement, or under any writing signed by Debtor unless such waiver be in writing and signed by M.A.M. MANAGEMENT. No delay or omission on the part of M.A.M. MANAGEMENT in exercising any right shall operate as a waiver of such right or any other right. A waiver of any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion. All M.A.M. MANAGEMENT's rights and remedies, whether evidenced in this Security Agreement or by any other writing shall be cumulative and may be exercised singularly or concurrently.

22. To the extent that Debtor is either a partnership or a corporation or limited liability company, all references herein to Debtor shall be deemed to include any successor or successors, whether immediate or remote, to such partnership or corporation. In the case of a joint venture or partnership, the term "Debtor" shall be deemed to include all joint venturers or partners thereof who shall be jointly and severally liable hereunder.

23. Any notice to be given hereunder to Debtor shall be in writing and served by certified mail or telegram, postage prepaid, addressed to Debtor at both of the addresses set forth below, or at such other address designated by Debtor in writing. Any notice to M.A.M. MANAGEMENT shall be addressed to it to the attention of the officer who has executed this Security Agreement for M.A.M. MANAGEMENT, at the address set forth below, or such other address as may be designated by it in writing. A notice given as set forth in this paragraph shall be presumed to have been received in the business day next following the mailing thereof.

24. This Security Agreement and any other written agreement or document executed in connection herewith contain the entire agreement between the parties hereto, and no oral representations, promises, agreement or statements of any kind have been made by the parties, or either of them, in negotiations leading to this Security Agreement or otherwise, which are not expressed and contained herein or in said other written agreements or documents.

25. Neither this Security Agreement nor any term hereof may be changed, discharged, terminated or waived except by an instrument in writing, signed by the party against which enforcement of the change, discharge, termination or waiver is sought.

26. As used herein, all provisions shall include the masculine, feminine, neuter, singular and plural thereof, wherever

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the context and facts require such construction and in particular the word "Debtor" shall be so construed.

DATED: February 2, 1998

DEBTOR:

By: *A. Ponnezhan*  
AUGUSTINE J. PONNEZHAN

By: *Rosemani Ponnezhan*  
ROSEMANI A. PONNEZHAN

Address: 147 Cobblestone Drive  
Crete, IL 60417

LASALLE NATIONAL BANK, AS  
TRUSTEE UNDER TRUST AGREEMENT  
DATED JANUARY 14, 1998, KNOWN  
AS TRUST NO. 121369 and not personally

By: *Arumay Cullen*  
ASSISTANT VICE PRESIDENT

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RIDER ATTACHED TO AND MADE A PART OF DOCUMENT DATED  
2-2-98 UNDER TRUST NO. 121369

This instrument is executed by LA SALLE NATIONAL BANK, 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 LA SALLE NATIONAL BANK, are undertaken by it solely as trustee, as aforesaid, and not individually and all statements herein made are made on information and belief and are to be construed accordingly, and no personal liability shall be asserted or be enforceable against LA SALLE NATIONAL BANK, by reason of any of the terms, provisions, stipulations, covenants and/or statements contained in this instrument.

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