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SECURITY AGREEMENT AND
ASSIGNMENT INTEREST IN LAND TRUST

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P.I.N. #32-19-400-028 & 029-0000

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SECURITY AGREEMENT AND ASSIGNMENT INTEREST IN LAND TRUST

This Security Agreement is entered into on March 26, 1998, by ALFONSO MENCHACA (hereinafter called the "Debtor"), who resides in CALEDONIA CITY, Illinois, the owner of 100% of the entire beneficial interest under a Trust Agreement dated the 1st day of March, 1998, (hereinafter called the "Trust Agreement" or "Trust"), identified on the records of the trustee and known as Trust No. 11-2982 (of which South Chicago Bank is Trustee) and JAMES DREMONAS (hereinafter called the "Secured Party").

1. **Grant of Security Interest; Assignment; Collateral.** To secure the Obligations hereinafter described, Debtor hereby grants a security interest in and assigns to Secured Party all of the rights and beneficial interest of Debtor under the Trust Agreement (a) including, without limitation, the right to receive distribution of any property held by the Trust and all proceeds from all dispositions or realizations of any kind from any property owned by the Trust, whether disposition is by way of sale, rental, mortgage or otherwise and whether realization is by way of recovery of the proceeds of any insurance covering any property of the Trust; and (b) also including any and all right to manage, direct and control the property of the Trust; and (c) also including the absolute assignment of all of Debtor's beneficial interest in and to said Trust, expressly including with without limitation, all powers of direction to the Trustee and of amendment of the Trust Agreement; together with a all the right, title and interest of Debtor in and to all improvements, tenements, easements, fixtures and appurtenances belonging to the Premises and all rents, issues and profits thereof. The foregoing rights and interest of Debtor in and under the Trust Agreement are hereinafter called the "Collateral."
2. **Obligations.** The obligations secured by this Security Agreement (hereinafter called the "Obligations" or "Debt") are the following: (a) the indebtedness evidenced by a Promissory Note executed by Debtor to the Secured Party dated March 26, 1998, in the principal amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) and any extensions, renewals or refinancings thereof; (b) any other indebtedness or liability of Debtor to the Secured Party whether direct or indirect, joint or several, absolute or contingent, now or hereafter existing, however created and however evidenced; (c) any sum paid or incurred by the Secured Party pursuant to paragraph 4(a) hereof; and (d) in the event of any proceeding to enforce the collection of the Obligations, court costs and reasonable attorneys' fees.
3. **Representations, Warranties and Promises.** Debtor represents, warrants and promises as follows:
 - (a) Debtor is owner of the interest in the Trust herein described free and clear of any claim of any kind other than the security interest herein granted. Debtor will defend the Collateral and the property of the Trust against any claims of any persons adverse to the claim of the Secured Party.

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- (b) The Trust is the owner of record of the property described in the Trust Agreement. The property is without encumbrances of any kind.
- (c) Debtor shall pay each item of the Debt herein mentioned, both principal and interest, when due according to the terms thereof. At the option and declaration of Secured Party, and without notice to Debtor, all unpaid debts secured by this Security Agreement shall, notwithstanding anything in the Debt or in this Security Agreement to the contrary, become due and payable (i) immediately in the case of default in making payment of any installment of principal or interest on any obligation secured by a mortgage, trust deed in the nature of a mortgage or security agreement on the Premises or on any of the apparatus, fixtures, appliances and equipment therein, or in any of the terms and conditions of any such mortgage, trust deed or security agreement or (ii) in case default shall be made in the payment of any installment of principal or interest when due in accordance with the terms of the Debt, or (iii) in case default shall be made in the performance of any other agreement of the Debtor herein contained or referred to, and such default shall continue for three (3) days after notice to cure the same shall have been given to Debtors.
- (d) Debtor will furnish the Secured Party with satisfactory evidence that the property of the Trust has been adequately insured by a company or companies reasonably satisfactory to the Secured Party. All insurance policies covering the property of the Trust shall include loss payable clauses in favor of the Secured Party. All insurance required hereunder shall be issued by companies satisfactory to Secured Party in the form of insurance policies payable, in case of loss or damage, to the Trustee of the Trust and Secured Party and in case of protection against liability insuring the trustee and all beneficiaries of said Trust and their agents and assigns; and providing that such policy shall not be cancelled without at least ten (10) days' notice to Secured Party, with the rights of Secured Party evidenced by the standard mortgage clause or similar clause attached to each policy. Debtors shall deliver all policies, including additional and renewal policies, to Secured Party, and in case of insurance about to expire, shall deliver renewal policies not less than ten (10) days prior to the respective dates of expiration; provided, however, that if any of the said policies shall be required to be deposited with any mortgage of the Premises, the delivery to Secured Party of certificates of such insurance shall be in compliance with the requirements hereof.
- (e) Debtor will not hereafter assign, sell, transfer or grant a security interest in the Collateral to anyone other than the Secured Party. Debtor will not direct the Trustee to lease, sell, transfer or encumber any of the Trust (nor suffer or permit anyone else to do so) without the prior written consent of the Secured Party.
- (f) Debtor shall (i) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the property of the Trust which may become damaged or destroyed; (ii) keep said property of the Trust in good condition and repair and without waste; (iii) complete within a reasonable time any building or buildings now or at any time in process of erection upon the property of the Trust; (iv) comply with all requirements of law or municipal ordinances with respect to the property of the Trust and the use

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thereof; (v) without prior written consent of the Secured Party being first had and obtained, make no material alterations in the property of the Trust except as required by law or municipal ordinance; and (vi) keep said property free from mechanics liens or other liens not expressly subordinated to the Secured Party.

- (g) Debtor will pay all taxes now or hereafter levied or assessed against the property of the Trust and before the same become delinquent, and will promptly pay and discharge any and all liens now or hereafter chargeable against said property.

4. Rights and Obligations of the Secured Party.

- (a) In case of default therein, Secured Party may, but need not, make any payment or perform any act herein required of Debtors in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal of interest on prior encumbrances if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said Premises or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other moneys advanced by Secured Party to protect the Premises, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the rate specified in any Debt as to unpaid installments of principal thereof after due, reduced to such extent, if any, as shall be necessary to comply with any limitations applicable hereto upon rates of interest which may lawfully be charged, contracted for or received. Inaction of Secured Party shall never be considered as a waiver of any right accruing to it on account of any default hereunder on the part of Debtors. In making any payment hereby authorized relating to taxes or assessments Secured Party may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale forfeiture, tax lien or title or claim thereof.
- (b) Notwithstanding anything to the contrary appearing in the Trust Agreement, the interest hereinabove described is granted and assigned to the Secured Party by way of collateral security only and, accordingly, the Secured party by its acceptance hereof shall not be deemed to have assumed or become liable for any of the obligations or liabilities of Debtor under the Trust Agreement, whether provided for by the terms thereof, arising by operation of law, or otherwise; Debtor hereby acknowledging that Debtor remains liable thereunder to the same extent as though this Security Agreement has not been made.
- (c) The acceptance by Secured Party at any time and from time to time of part payment on the Obligations shall not be deemed to be a waiver of any other then existing or subsequent default, nor shall any such waiver by Secured Party be deemed to be a continuing waiver. No daly or omission by Secured Party in exercising any right, remedy or privilege hereunder shall impair any such right, remedy or privilege or be construed as a waiver thereof or any acquiescence in the default giving rise thereto, nor shall any

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single or partial exercise of any such right, remedy or privilege preclude other or further exercise thereof, or the exercise of any other right, remedy or privilege of Secured Party hereunder.

- (d) All rights, remedies and privileges available to Secured Party hereunder shall be cumulative of and in addition to all other rights, remedies and privileges granted to Secured Party at law or in equity, and may be exercised from time to time, and as often as may be deemed expedient by Secured Party.

5. **Events of Default.** Debtor shall be in default under this Security Agreement upon the happening of any one of the following events or the existence of any one of the following conditions and such condition or event, except for (a), (b), and (c), is not cured within ten (10) days after notice to Debtor:

- (a) Failure to pay any of the Obligations when due or failure to perform any promise made in this Security Agreement;
- (b) Breach of any warranty made by Debtor in this Security Agreement;
- (c) Any misrepresentation made by Debtor in this Security Agreement or in any document furnished to the Secured Party by Debtor in connection with the collateral or any property of the Trust;
- (d) Any event which results in the acceleration of the maturity of any indebtedness of Debtor to any other party under any loan agreement or any undertaking by Debtor of any kind;
- (e) The creation of any encumbrance upon the Collateral or any property of the Trust or the making of any levy, judicial seizure or attachment thereof or thereon;
- (f) Any loss, theft, damage or destruction of the property of the Trust not adequately insured;
- (g) Death, dissolution, termination of existence, or insolvency of Debtor;
- (h) Appointment of a receiver for any part of the property of Debtor, or the making of any assignment for the benefit of creditors by Debtor or the initiation of any proceeding under the Bankruptcy Laws by or against Debtor.

6. **Rights of Parties upon Default.** Upon default, or at any time or times or from time to time thereafter, the Secured Party may,

- (a) Upon maturity of the Debt, by acceleration or otherwise, Secured Party may exercise any rights and remedies available to it under the Illinois Uniform Commercial Code, or otherwise available to it, in addition to, and not in lieu of, any rights and remedies expressly granted in this Security Agreement. Except as otherwise expressly provided

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by Law, Secured Party shall have the right to purchase any and all of the Collateral at any public or private sale free of any right of redemption by the Pledgors and to apply the proceeds of any such disposition to the payment of the Debt, after first deducting from said proceeds the expenses of re-taking, holding, preparing for sale, selling and the like, and the reasonable attorneys' fees and legal expenses incurred by Secured Party, rendering any residue to the Pledgors who shall remain liable for any deficiency. Any notification of intended disposition of any Collateral required by Law shall be deemed reasonably and properly given if given at least fifteen (15) calendar days before such disposition. Secured Party shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose. The Secured Party shall have the unqualified right, in connection with any such sale of collateral, to execute and deliver an assignment of said beneficial interest to the purchaser at any such sale, free of any right of redemption by Debtor, and upon the filing thereof with the Trustee of the trust, said Trustee may recognize said assignee as the absolute owner of said beneficial interest for any and all purposes whatsoever and may act on directions of said assignee without any liability or obligation to Debtor whatsoever, without inquiry into the validity or propriety of such sale or assignment, and irrespective of any notice whatsoever from Debtor or any other person, unless and until said Trustee is served with an order of court prohibiting further action by the Trustee upon the direction of such assignee; and/or

- (b) the Secured Party may proceed immediately to exercise each and all of the powers, rights and privileges reserved or granted to the Debtor under the Trust Agreement to manage, direct, control and deal with the property or any part thereof covered by the Trust Agreement, including without limitation the right to collect and receive the proceeds from rentals and from mortgages, sales, conveyances or other dispositions or realizations of any kind of or from said property or any part thereof; and/or
- (c) the Secured Party may proceed to protect and enforce this Security Agreement by suits or proceedings in equity, at law or otherwise, whether for the foreclosure hereof or for the appointment of a receiver of the property covered by the Trust Agreement or any part thereof, or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

Any and all net proceeds received by the Secured Party by reason of the foregoing paragraphs (a), (b), and (c) after first deducting all legal or other costs and expenses in effecting such realization shall be applied to pay any or all of the indebtedness hereby secured as the Secured Party shall deem proper, any surplus to be returned to the Debtors. Upon full payment of all indebtedness hereby secured, this Security Agreement and the lien or charge created hereby or resulting herefrom shall cease to exist.

7. Miscellaneous Provisions.

- (a) All rights of the Secured Party hereunder shall inure to the benefit of its successors and assigns, and all obligations of the Debtor shall bind its or his successors, heirs and assigns. In the event that this Agreement is executed by more than one Debtor, the

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word "Debtor" shall be deemed to include all of them (or any of them) and all of the undertakings contained herein shall be the joint and several obligations of the Debtors and each of them.

- (b) In implementation of this Security Agreement and not in limitation thereof, if requested, Debtors shall execute and deliver to the aforesaid Trustee of the Trust, assignments for collateral purposes in regular form assigning to Secured Party all of Debtors' interests in, to and under the Trust, including the powers of direction and amendment, and shall further execute and deliver to Secured Party all such financing statements and continuation statements as shall be necessary or advisable to be filed in order to perfect by filing under the provisions of the Uniform Commercial Code notice of the pledge of said entire beneficial made by this Security Agreement.
- (c) It is expressly agreed that until Secured Party or its successors or assigns shall exercise the rights granted to it in the aforesaid assignments for collateral purposes or by virtue of said Trust Agreement to manage and control the trust property or to collect the rents, issues and profits thereof or to direct the Trustee to dispose or deal with the legal title to said Premises, Debtors shall remain liable for all of the liabilities, contingent or otherwise, imposed upon the beneficiaries of said Trust Agreement and shall save and keep Secured Party and its successors and assigns harmless of and from, and shall indemnify it and them against, any and all such liabilities contingent or otherwise.
- (d) If any sale, transfer, delivery, hypothecation or other disposition of any interest of any of Debtors in the Trust shall be permitted by the prior written consent of Secured Party, on each instrument affecting any such disposition, a legend satisfactory to Secured Party disclosing the paramount interests of Secured Party hereunder shall appear and a copy of each such instrument shall be delivered to Secured Party.
- (e) ~~The power of direction under this trust shall hereafter be exercised by _____~~
- (f) Any notice to be given hereunder shall be conclusively deemed to have been given when placed in the United States mail, with proper registered or certified postage prepaid, addressed to the party concerned at his address shown below:

To Debtor: Alfonso Menchaca

with a copy to: John Pelkey
Gregory R. Skubisz & Associates
1400 Torrence Avenue
Suite 201
Calumet City, Illinois 60409

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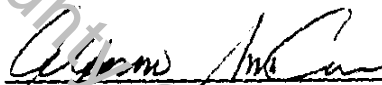
Secured Party: James Dremonas
c/o Pete's Market
5724 South Kedzie
Chicago, Illinois 60629

with a copy to: Arthur Stamas
Arthur E. Stamas, P.C.
330 North Wabash Avenue
Suite 2601
Chicago, Illinois 60611

provided, however, that each of the foregoing addresses for notice may be changed from time to time by notice given to the other parties in the manner herein provided for.

- (g) The Debtor warrants and agrees that the proceeds or debt evidenced by the Note is solely for the purposes specified in Paragraph 4(c) of Chapter 74 of the 1979 Illinois Revised Statutes as may be amended from time to time and that the principal obligation secured hereby constitutes a business loan which comes within the purview of said Paragraph. Any other use of the proceeds of the Note shall be a default in this Security Agreement on the part of Debtor.

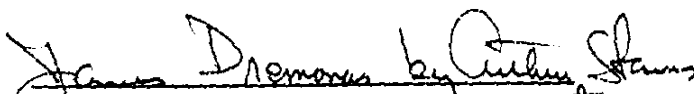
Executed this 26th day of March, 1998.



Alfonso Menelaca, Debtor

SECURED PARTY'S ACCEPTANCE

The Secured Party hereby acknowledged receipt of the foregoing assignment this 26th day of March, 1998, and accepts the same.



James Dremonas, Secured Party & agent

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TRUSTEE'S ENDORSEMENT

South Chicago Bank, as Trustee under its Trust No. 11-2982 dated March 1, 1998, hereby acknowledges receipt of the foregoing assignment this 9th day of April, 1998.

SOUTH CHICAGO BANK, as Trustee
u/t/n 11-2982, dated March 1, 1998

By: *Rose Y. Lane*

Its: Assistant Vice President/Assistant Trust Officer

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CHICAGO TITLE INSURANCE COMPANY

ORDER NUMBER: 1401 007710803 D1
STREET ADDRESS: 470 WEST 14TH STREET
CITY: CHICAGO HEIGHTS COUNTY: COOK
TAX NUMBER: 32-19-400-028-0000

LEGAL DESCRIPTION:

LOT 81 IN HILL TOP LAND COMPANY'S SUBDIVISION OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 AND THE WEST 25 ACRES OF THE NORTH 1/2 OF THE SOUTH EAST 1/4 OF SECTION 19, TOWNSHIP 35 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

EXCEPT FOR THAT PART TAKEN FOR ROAD PURPOSES, IN CASE 85L50352. DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 81; THENCE EASTERLY ALONG THE NORTH LINE THEREOF, 132.0 FEET TO THE NORTHEAST CORNER THEREOF; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID LOT 81 FOR A DISTANCE OF 9.0 FEET; THENCE WESTERLY PARALLEL WITH SAID NORTH LINE, 122.0 FEET; THENCE SOUTHWESTERLY ALONG A LINE FORMING AN ANGLE OF 45 DEGREES 00 MINUTES 00 SECONDS TO THE LEFT OF THE LAST DESCRIBED COURSE EXTENDED FOR A DISTANCE OF 14.14 FEET TO THE WEST LINE OF SAID LOT 81; THENCE NORTHERLY ALONG SAID WEST LINE, 19.0 FEET TO THE POINT OF BEGINNING.