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MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (this "Mortgage") dated as of the 21 day of May, 1987, made by Tom McClanahan and Elsa McClanahan, husband and wife, having their principal office and place of business at 320 West Touhy, Des Plaines, Illinois (hereinafter individually and collectively the "Mortgagor"), to CONTINENTAL ILLINOIS BANK OF DEERFIELD, N.A. ("Lender") having its principal office and place of business at 725 Waukegan Road, Deerfield, IL 60015.

W I T N E S S E T H:

WHEREAS, Mortgagor has executed and delivered to Lender a promissory note of even date herewith payable to Lender in the principal amount of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00) (such note, together with all notes issued and accepted in substitution, renewal or exchange therefor, and as any of the foregoing may be amended from time to time hereafter, being herein referred to as the "Note"), which Note is due and payable, if not sooner paid, on June 1, 1992; and

WHEREAS, MCS Steel Inc., has executed and delivered to Lender a promissory note of even date herewith payable to Lender in the principal amount of One Hundred Ninety Thousand and No/100 Dollars (\$190,000.00) (such note, together with all notes issued and accepted in substitution, renewal or exchange therefor, and as any of the foregoing may be amended from time to time hereafter, being herein referred to as the "MCS Steel Note," which MCS Steel Note is due and payable, if not sooner paid, on June 1, 1992; and

WHEREAS, Lender wishes to secure the prompt payment of the Note, the MCS Steel Note (together with all interest and premium, if any, thereon in accordance with the terms of the Note, the MCS Steel Note as well as the prompt payment of any additional indebtedness accruing to Lender on account of any future payments, advances or expenditures made by Lender pursuant to the Note, the MCS Steel Note or this Mortgage or any other agreement, document or instrument securing the payment of the indebtedness evidenced by the Note or the MCS Steel Note and the prompt performance of each and every covenant, condition and agreement contained in this Mortgage, the Note, the MCS Steel Note or any other agreement, document or instrument securing the payment of the indebtedness evidenced by the Note, the MCS Steel Note and all other obligations, indebtedness and liability of Mortgagor to Lender, its successors and assigns, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, due or to become due, all hereinafter sometimes collectively called the "indebtedness secured hereby";

NOW, THEREFORE, to secure the payment and performance of the indebtedness secured hereby, Mortgagor has executed and delivered this Mortgage and does hereby grant, convey, assign, mortgage, grant a security interest in, warrant and confirm unto Lender and its successors and assigns, forever, all of the following described property (which property is hereinafter sometimes called the "Mortgaged Property"):

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NOTE IDENTIFIED M, M

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Property of Cook County

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PARCEL I:

THE NORTH 175.00 FEET OF THE SOUTH 1225.0 FEET OF THE WEST 189.57 FEET OF THE EAST 222.57 FEET OF THE SOUTHWEST 1/4 OF SECTION 25, TOWNSHIP 41 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL II:

THE NORTH 100.0 FEET OF THE SOUTH 1050.0 FEET OF THE WEST 189.57 FEET OF THE EAST 222.57 FEET OF THE SOUTHWEST 1/4 OF SECTION 25, TOWNSHIP 41 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN. PARCELS I AND II BEING THAT

PROPERTY COMMONLY KNOWN AS 320 W. TOUHY, DES PLAINES, ILLINOIS.
PT# 08-25-30-007, COE 209, 010 & 011

PARCEL III:

LOT 3 IN BLOCK 1 IN ELK GROVE HIGH VIEW, BEING A SUBDIVISION OF ALL OF THAT PART OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 36, TOWNSHIP 41 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF THE CENTER LINE OF HIGGINS ROAD (EXCEPT THE WEST 260 FEET THEREOF), IN COOK COUNTY, ILLINOIS. PARCEL III BEING THAT PROPERTY COMMONLY KNOWN AS 3909 OLD HIGGINS ROAD, ELK GROVE VILLAGE, ILLINOIS.

PT# 08-25-30-008

A. The real estate described in Schedule A attached hereto (the "Land");

B. All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all machinery, equipment, mechanical systems and all other personal property used in connection with the operation of said buildings, structures and improvements, including all additions, improvements, betterments, renewals, replacements and proceeds of any of the foregoing; and

C. All easements and appurtenances in any way relating to the Mortgaged Property, or any part thereof, or which hereafter shall in any way relate thereto, and the rents, issues, profits and revenues of the Mortgaged Property from time to time accruing (including, without limitation, all payments under leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits and escrow funds);

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Lender, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein;

WITHOUT limitation of the foregoing, Mortgagor hereby further grants unto Lender, pursuant to the provisions of the Uniform Commercial Code of the State of Illinois, a security interest in all of the above-described property, which property includes, without limitation, goods which are or are to become fixtures.

It is expressly understood and agreed that the indebtedness secured hereby will in no event exceed two hundred percent (200%) of (i) the total face amount of the Note plus (ii) the total interest which may hereafter accrue under the Note on such face account.

AND Mortgagor covenants and agrees with lender that:

ARTICLE I

1.01 PERFORMANCE OF NOTE AND MORTGAGE. Mortgagor will perform, observe and comply with all provisions hereof and of the Note and will duly and punctually pay to Lender when due the sum of money expressed in the Note with interest thereon as provided in the Note and all other indebtedness secured hereby, all without any deductions or credit for taxes or other similar charges paid by Mortgagor.

1.02 WARRANTY OF TITLE. Mortgagor is well seized of the estate hereby conveyed, subject only to the matters set forth in Schedule B hereto, and has good right, full power and lawful authority to convey and mortgage and grant a security interest in the same, in the manner and form aforesaid; and that Mortgagor shall and will warrant and forever defend the title to the Mortgaged Property against the claims of all persons whomsoever other than Lender.

1.03 TAX AND INSURANCE DEPOSITS. If required by Lender, Mortgagor will pay to Lender on the first day of each month, together with and in addition to the monthly payments due under

the Note, until all indebtedness secured hereby is fully paid, an amount equal to one-twelfth (1/12) of the yearly (a) taxes, assessments and other similar charges as estimated by Lender to be sufficient to enable Lender to pay, at least thirty (30) days before they become due, all taxes, assessments and other similar charges against the Mortgaged Property or any part thereof, and (b) premiums for insurance required by Paragraph 1.05 hereof as estimated by Lender to be sufficient to enable Lender to pay, at least thirty (30) days before they become due, all such premiums for insurance. Such added payments shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Lender or its designee, and no interest shall be payable in respect thereof. Upon demand of Lender, Mortgagor agrees to deliver to Lender such additional monies as are necessary to make up any deficiencies in the amounts necessary to enable Lender to pay, at least thirty (30) days before they become due, such taxes, assessments and other similar charges and insurance premiums. Lender may apply to the reduction of the sums secured hereby, in such manner as Lender shall determine, any amount held by Lender hereunder.

1.04 TAXES, LIENS AND OTHER CHARGES.

(a) Mortgagor will pay promptly, when and as due, all taxes, assessments, charges, fines and impositions of every nature, whatsoever charged, imposed, levied or assessed or to be charged, imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, which may attain priority over this Mortgage (other than any or the same for which amounts have been paid to Lender pursuant to Paragraph 1.03 hereof and for which Mortgagor furnishes bills at least thirty (30) days prior to the date the same are due).

(b) Mortgagor will discharge any lien which has priority over this Mortgage within twenty (20) days of the filing thereof unless within such twenty (20) day period Mortgagor (i) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, (ii) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's sole judgment operate to prevent the enforcement of the lien or forfeiture of any part of the Mortgaged Property, or (iii) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Mortgage.

(c) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of mortgages or debts secured by mortgages or the manner of collecting taxes so as to adversely affect Lender, the indebtedness secured hereby shall, without notice, become due and payable forthwith at the option of Lender, if Mortgagor does not pay such tax promptly when due or if such state, federal, municipal or other governmental law, order, rule or regulation prohibits Mortgagor from making such payment.

1.05 INSURANCE. Mortgagor will keep all buildings and improvements now or hereafter situated on the Mortgaged Property insured against loss or damage by fire, lightning and windstorm and all other hazards insured under the broadest and most comprehensive form of so-called "all risk" insurance coverage under policies providing for payment by the insurance companies of

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moneys sufficient either to pay the cost of replacing or repairing the same or to pay in full the indebtedness secured hereby, all in companies satisfactory to Lender, under insurance policies payable, in case of loss or damage, to Lender, such rights to be evidenced by the standard mortgagee clause to be attached to each policy, and shall provide that the coverage cannot be terminated without thirty (30) days' prior written notice to Lender. Mortgagor shall deliver all policies, including additional and renewal policies, to Lender, and in case of insurance about to expire, shall deliver renewal policies not less than thirty (30) days prior to the respective dates of expiration.

Provided no default exists hereunder, insurance proceeds shall be applied to restoration or repair of the Mortgaged Property if, in Lender's sole judgment, restoration or repair is economically feasible and the value of Lender's security is not reduced or impaired, and Mortgagor shall diligently proceed to cause the Mortgaged Property to be repaired or restored. If a default then exists or the restoration or repair is not economically feasible or the value of Lender's security is reduced, the insurance proceeds shall be applied to the indebtedness secured hereby, whether or not then due and payable, with any excess paid to Mortgagor. In the event the insurance proceeds are applied to the indebtedness secured hereby pursuant to the foregoing sentence and such proceeds do not discharge the indebtedness secured hereby in full, the entire indebtedness secured hereby shall become due and payable on sixty (60) days' prior notice to Mortgagor from Lender.

1.06 CONDEMNATION. If all or any part of the Mortgaged Property shall be damaged or taken through condemnation (which term, when used in this Mortgage, shall include any damage or taking by an governmental authority and any transfer by private sale in lieu thereof), either temporarily or permanently, Lender shall be entitled to all compensation, awards and other payments or relief therefor. All such compensation, awards, and other payments or relief and the right thereto are hereby assigned by Mortgagor to Lender as further security for the indebtedness secured hereby.

Provided no default exists hereunder, any condemnation award shall be applied to restoration or repair of the Mortgaged Property if, in Lender's sole judgment, restoration or repair is economically feasible and the value of Lender's security is not reduced or impaired, and Mortgagor shall diligently proceed to cause the Mortgaged Property to be repaired or restored. If a default then exists or the restoration or repair is not economically feasible or the value of Lender's security is reduced, such condemnation award shall be applied to the indebtedness secured hereby, whether or not then due and payable, with any excess paid to Mortgagor. In the event such condemnation award is applied to the indebtedness secured hereby pursuant to the foregoing sentence and such award does not discharge the indebtedness secured hereby in full, the entire indebtedness secured hereby shall become due and payable on sixty (60) days' prior notice to Mortgagor from Lender.

1.07 CARE OF THE PROPERTY.

(a) Mortgagor will preserve and maintain the Mortgaged Property in good condition and repair, will not commit or suffer any waste thereof, and will keep the same in a clean, orderly and

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attractive condition. Mortgagor will not do or suffer to be done anything which will create or increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

(b) No buildings, structures, improvements, fixtures, personal property or other part of the Mortgaged Property shall be removed, added to, demolished or altered structurally to any extent or altered non-structurally in any material respect without the prior written consent of Lender.

(c) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, Mortgagor will give immediate written notice of the same to Lender.

(d) Lender or its representative is hereby authorized to enter upon and inspect the Mortgaged Property at any time during normal business hours during the term of this Mortgage.

(e) Mortgagor will promptly comply, and cause the Mortgaged Property and the occupants or users thereof to comply, with all present and future laws, ordinances, orders, rules and regulations and other requirements of any governmental authority affecting the Mortgaged Property or any part thereof or the use or occupancy thereof and with all instruments and documents of record or otherwise affecting the Mortgaged Property, or any party thereof or the use or occupancy thereof.

(f) The Mortgagor represents and covenants to the Lender that: (i) to the best of Mortgagor's knowledge, without investigation, the Mortgaged Property has never been used for any of (aa) a sanitary land fill, (bb) a dump, or (cc) a disposal site for waste, oil, pesticides or toxic substances or materials of any kind, and (ii) the Mortgagor (aa) has not received any notice of any hazardous or other waste substances or materials in, under or upon the Mortgaged Property or of any violation of any environmental protection laws or regulations with respect to the Mortgaged Property or (bb) does not know of any basis for any such notice or violation with respect to the Mortgaged Property. The Mortgagor covenants and agrees that no waste, oil, pesticides or toxic substances or materials (other than those legally used in the ordinary and normal course of business), within the definition of any applicable statute or regulation, shall be used or stored upon the Mortgaged Property and that the Mortgagor shall protect, defend, indemnify and hold the Lender harmless from and against all loss, cost (including attorneys' fees), liability and damage whatsoever because of or in any way resulting from any violation or claimed violation of any of the covenants or agreements set forth in this Paragraph 1.07(f) or any applicable statute or regulation for the protection of the environment which occurs upon the Mortgaged Property, or by reason of the imposition of any governmental lien for the recovery of environment cleanup costs expended by reason of such violation, without regard to fault on the part of the Mortgagor. The Mortgagor shall, from time to time, if and when required by the Lender, at the Mortgagor's expense, have an engineer satisfactory to the Lender (i) perform a site investigation of the Mortgaged Property to determine the existence and levels of hazardous substances on the Mortgaged Property and (ii) issue a report certifying the results of such inspection to the Lender.

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1.08 FURTHER ASSURANCES; AFTER ACQUIRED PROPERTY. At any time, and from time to time, upon request by Lender, Mortgagor will make, execute and deliver or cause to be made, executed and delivered, to Lender any and all such other and further mortgages, security agreements, financing statements, continuation statements, instruments of further assurances, certificates and other documents as may, in the reasonable opinion of Lender, be necessary or desirable in order to effectuate, complete, enlarge or perfect, or to continue and preserve the lien and security interest of this Mortgage as a lien and security interest upon all of the Mortgaged Property, whether now owned or hereafter acquired by Mortgagor, subject only to the matters set forth in Schedule B hereto. Lender may cause said instruments to be recorded or re-recorded at its sole option. The lien and security interest hereof will automatically attach, without further act, to all after acquired property attached to and/or used in the operation of the Mortgaged Property or any part thereof.

1.09 LEASES AND OTHER AGREEMENTS AFFECTING THE MORTGAGED PROPERTY. Mortgagor will duly and punctually perform all terms, covenants, conditions and agreements binding upon it or the Mortgaged Property under any lease or any other agreement or instrument of any nature whatsoever which involves or affects the Mortgaged Property or any part thereof. Mortgagor will not accept payment of advance rents or security deposits equal, in the aggregate, to more than one (1) month's rent without the express written consent of Lender. In order to further secure the indebtedness secured hereby, Mortgagor hereby assigns, transfers and sets over to Lender all of Mortgagor's right, title and interest in, to and under all of the leases now or hereafter affecting the Mortgaged Property or any portion thereof and in and to all of the rents, issues, profits, revenues, awards and other benefits now or hereafter arising from the Mortgaged Property or any part thereof. Unless and until an Event of Default occurs, Mortgagor shall be entitled to collect the rents, issues, profits, revenues, awards and other benefits of the Mortgaged Property (except as otherwise provided in this Mortgage) as and when they become due and payable. Lender shall be liable to account only for rents, issues, profits, revenues, awards and other benefits of the Mortgaged Property actually received by Lender pursuant to any provision of this Mortgage.

1.10 EXPENSES. Mortgagor will immediately upon demand pay or reimburse Lender for all attorneys' fees, costs and expenses incurred by Lender in any proceedings affecting or relating to the indebtedness secured hereby, the Note, this Mortgage, Mortgagor, any Beneficiary or the Mortgaged Property, including, but not limited to, the foreclosure of this Mortgage, any condemnation action involving the Mortgaged Property, or any action to protect the security hereof, and any such amounts paid by Lender shall be added to the indebtedness secured hereby and secured by the lien and security interest of this Mortgage, and shall bear interest at the rate (the "Default Rate") provided in the Note for interest payable after the Maturity Date (as defined in the Note).

1.11 FINANCIAL STATEMENTS. Mortgagor and any Beneficiary will from time to time furnish to Lender such financial statements and other information as Lender may request.

1.12 ESTOPPEL AFFIDAVITS. Mortgagor, within ten (10) days after written request from Lender, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal

of, and interest on, the indebtedness secured hereby and whether or not any offsets or defenses are claimed against such principal and interest.

1.13 SUBROGATION. Lender shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby.

1.14 IMPAIRMENT OF SECURITY. Mortgagor shall not destroy, damage or change the Mortgaged Property, allow the Mortgaged Property to deteriorate or commit waste or otherwise take or allow to be taken any action which is likely to impair the value of the Mortgaged Property or the priority of Lender's lien thereon.

1.15 PROHIBITION OF TRANSFER. Mortgagor will not, without the prior written consent of Lender, sell, assign or transfer, whether by operation of law or otherwise, all or any portion of its interest in the Mortgaged Property. If Mortgagor is a trust, Beneficiary shall not, without the prior written consent of Lender, sell, assign or transfer, whether by operation of law or otherwise, all or any portion of the beneficial interest in the trust that is Mortgagor. If Mortgagor or any Beneficiary is a partnership or a corporation, no sale, assignment or transfer of the ownership interest in Mortgagor or such Beneficiary shall be made without the prior written consent of Lender. Any such sale, assignment or transfer made without Lender's prior written consent shall be null and void and of no force and effect, but the attempt at making thereof shall, at the option of Lender, constitute an Event of Default under this Mortgage. If Mortgagor is a trust, the term "Beneficiary", as used in this Mortgage, shall mean each person or entity that possesses a beneficial interest in such trust.

1.16 USE OF PROCEEDS.

(a) The Mortgagor represents and agrees that the indebtedness secured hereby constitutes a business loan(s).

(b) All agreements between the Mortgagor and the Lender (including, without limitation, this Mortgage, the Note and any other documents securing the indebtedness secured hereby) are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the Lender exceed the highest lawful rate of interest permissible under the laws of the State of Illinois. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Note or any other documents securing the indebtedness secured hereby, at the time performance of such provision shall be due, shall involve exceeding the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then ipso facto, the obligation to be fulfilled shall be reduced to the highest lawful rate of interest permissible under the laws of the State of Illinois, and if for any reason whatsoever, the Lender shall ever receive as interest an amount which would be deemed unlawful, such interest shall be applied to the payment of the last maturing installment or installments of the indebtedness secured hereby (whether or not due and payable) and not to the payment of interest.

1.17 PROHIBITION OF FURTHER ENCUMBRANCE. The Mortgagor will not, without the prior written consent of the Lender, further mortgage, grant a deed of trust, pledge or otherwise encumber,

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whether by operation of law or otherwise, all or any of its interest in the Mortgaged Property. If the Mortgagor is a trust, no Beneficiary shall, without the prior written consent of the Lender, mortgage, pledge, create a security interest in or otherwise encumber all or any portion of its beneficial interest in the trust that is the Mortgagor. Any such encumbrance made without the Lender's prior written consent shall be null and void and of no force and effect, but the attempt at making thereof shall, at the option of the Lender, constitute an Event of Default under this Mortgage.

ARTICLE II

2.01 EVENTS OF DEFAULT. The terms "Event of Default" or "Events of Default", wherever used in this Mortgage, shall mean any one or more of the following events:

(a) A default in the payment when due of any of the indebtedness secured hereby and, with regard only to any monthly payment due under the Note, such failure continues for ten (10) days; or

(b) Failure by Mortgagor or Beneficiary to duly observe or perform any other term, covenant, condition or agreement of the Note or this Mortgage and such failure continues for twenty (20) days after written notice thereof from Lender to Mortgagor; or

(c) The occurrence of an Event of Default under any assignment of lease, assignment of rents or any other agreement, document or instrument given or made as additional security for the indebtedness secured hereby; or

(d) The filing by Mortgagor or any Beneficiary or any guarantor of the indebtedness secured hereby (a "Guarantor") or if Mortgagor or any Beneficiary or any Guarantor is a partnership, any general partner of Mortgagor or such Beneficiary or such Guarantor, of a voluntary petition in bankruptcy or Mortgagor's or any Beneficiary's or any Guarantor's or any such partner's adjudication as a bankrupt or insolvent, or the filing by Mortgagor or any Beneficiary or any Guarantor or any such partner of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or Mortgagor's or any Beneficiary's or any Guarantor's or any such partner's seeking or consenting to or acquiescing in the appointment of any trustee, receiver or liquidator of itself or any portion of its assets or of all or any part of the Mortgaged Property or of any or all of the rents, issues, profits or revenues thereof, or the making of any general assignment for the benefit of creditors, or the admission in writing of its inability to pay its debts generally as they become due; or

(e) The entry by a court of competent jurisdiction of any order, judgment or decree approving a petition filed against Mortgagor or any Beneficiary or any Guarantor or any such partner seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state or other law or regulation

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relating to bankruptcy, insolvency or other similar relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or the appointment of any trustee, receiver or liquidator of Mortgagor or of any Beneficiary or of any Guarantor or of any such partner or of all or any part of the Mortgaged Property or of any or all of the rents, issues, profits or revenues thereof without its consent or acquiescence, which appointment shall remain unvacated or unstayed for an aggregate of sixty (60) days (whether or not consecutive).

(f) A default or event of default under the MCS Steel Note or under any agreement, document or instrument which secures the indebtedness evidenced by the MCS Steel Note (as said agreement, document or instrument may be amended, modified or supplemented from time to time), and such default or event of default remains uncured following the expiration of any and all applicable grace and/or cure periods.

2.02 ACCELERATION OF MATURITY. If an Event of Default shall have occurred and be continuing, then the entire indebtedness secured hereby shall, at the option of Lender, immediately become due and payable, without notice or demand, together with the additional fee, if any, required by the Note or the MCS Steel Note.

2.03 LENDER'S RIGHT TO ENTER AND TAKE POSSESSION, OPERATE AND APPLY REVENUES.

(a) If an Event of Default shall have occurred and be continuing, Mortgagor, upon demand of Lender, shall forthwith surrender to Lender the actual possession, and if and to the extent permitted by law, Lender itself, or by such officers or agents as it may appoint, may enter and take possession, of all or any part of the Mortgaged Property, and may exclude Mortgagor and its agents and employees wholly therefrom, and may have joint access with Mortgagor to the books, papers and accounts of Mortgagor.

(b) If Mortgagor shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after such demand by Lender, Lender may obtain a judgment or decree conferring on Lender the right to immediate possession or requiring the delivery of immediate possession of all or part of such Mortgaged Property to Lender, to the entry of which judgment or decree Mortgagor specifically consents.

(c) Mortgagor will pay to Lender, upon demand, all expenses (including, without limitation, fees and expenses of attorneys, accountants and agents) of obtaining such judgment or decree or of otherwise seeking to enforce its rights under the Note or this Mortgage; and all such expenses shall, until paid, constitute additional indebtedness secured hereby and shall bear interest at the Default Rate.

(d) Upon every such entering upon or taking of possession, Lender may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof and manage and operate the Mortgaged Property and exercise all the rights and powers of Mortgagor and Beneficiary to the same extent as Mortgagor or Beneficiary could in their own names or otherwise with respect to the same. Without limitation of the foregoing,

Lender may collect and receive all the rents, issues, profits and revenues of the same, including those past due as well as those accruing thereafter, and, after deducting (i) all expenses of taking, holding, managing and operating the Mortgaged Property (including compensation for the services of all persons employed for such purposes), (ii) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions, (iii) the cost of insurance, (iv) such taxes, assessments and other similar charges upon the Mortgaged Property or any part thereof, and (v) the reasonable compensation, expenses and disbursements of the attorneys and agents of Lender, shall apply the remainder of the monies and proceeds so received by Lender to the indebtedness secured hereby in such order as Lender, in the exercise of its sole discretion, shall determine.

(b) Lender shall have no liability for any loss, damage, injury, cost or expense resulting from any action or omission by it or its representatives which was taken or omitted in good faith.

2.04 PERFORMANCE BY LENDER OF DEFAULTS. If default shall occur in the payment, performance or observance of any term, representation, warranty, covenant or condition of this Mortgage (whether or not the same shall constitute an Event of Default), Lender may (but shall not be obligated to), at its option, pay, perform or observe the same or take any action necessary to cause any representation or warranty to be true, and all payments made or costs or expenses incurred by Lender in connection therewith, shall constitute additional indebtedness secured hereby and shall be, without demand, immediately repaid by Mortgagor to Lender with interest thereon at the Default Rate. Lender shall be the sole judge of the necessity for any such actions and of the amounts to be paid.

2.05 RECEIVER. If an Event of Default shall have occurred and be continuing, Lender, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right, without notice and without regard to the adequacy or value of any security for the indebtedness secured hereby or the insolvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers afforded to receivers from time to time under applicable law. Mortgagor will pay to Lender upon demand (with interest thereon at the Default Rate) all expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the provisions of this Paragraph 2.05; and all such expenses shall constitute additional indebtedness secured hereby and shall bear interest at the Default Rate.

2.06 LENDER'S POWER OF ENFORCEMENT. If an Event of Default shall have occurred and be continuing, Lender may, either with or without entry or taking possession as herein provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy (a) to enforce payment of the indebtedness secured hereby or the performance of any term, covenant, condition or agreement of this Mortgage or any other rights, (b) to foreclose this Mortgage and to sell the Mortgaged Property as an entirety or otherwise, as Lender may determine, and (c) to pursue any other remedy available to it, all as Lender

shall deem most effectual for such purposes. Lender may take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as Lender may determine.

2.07 PURCHASE BY LENDER. Upon any foreclosure sale, Lender may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part of the indebtedness secured hereby as a credit to the purchase price.

2.08 FEEES AND EXPENSES; APPLICATION OF PROCEEDS OF SALE. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness secured hereby in the decree for sale all costs and expenses which may be paid or incurred by or on behalf of Lender or holders of the Note for attorneys' fees, appraiser's fees, receiver's costs and expenses, insurance, taxes, outlays for documentary and expert evidence, costs for preservation of the Mortgaged Property, stenographer's charges, publication cost and costs of procuring all abstracts of title, title searches and examinations, guarantee policies, Certificates of Title issued by the Registrar of Titles (Torrens Certificates), and similar data and assurances with respect to title as Lender or holders of the Note may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or value of the Mortgaged Property or for any other reasonable purpose. The amount of any such costs or expenses which may be paid or incurred after the decree for sale is entered may be estimated and the amount of such estimate may be allowed and included as additional indebtedness secured hereby in the decree for sale. In the event of a foreclosure sale of the Mortgaged Property, the proceeds of said sale shall be applied to the indebtedness secured hereby in such order as Lender, in the exercise of its sole discretion, shall determine and the remainder, if any, shall, unless a court decrees otherwise, be paid to Mortgagor.

2.09 WAIVER OF APPRAISEMENT, VALUATION, STAY, EXTENSION AND REDEMPTION LAWS. Mortgagor agrees to the full extent permitted by law, that if an Event of Default occurs hereunder, neither Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, homestead or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the property hereby conveyed, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and Mortgagor, for itself and all who may at any time claim through or under it, hereby waives and releases to the full extent that it may lawfully so do, the benefit of all such laws (including, without limitation, all rights under and by virtue of the homestead exemption laws of the State of Illinois) and any and all rights to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof. If Mortgagor is a trustee, Mortgagor represents that it is duly authorized and empowered by the trust instruments and by all persons having the power of direction over it as such trustee to execute this Mortgage, including the foregoing agreements, waivers and releases.

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2.10 LEASES. Lender, at its option, is authorized to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property, and the failure to make such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Mortgagor, a defense to any proceedings instituted by Lender to collect the sums secured hereby, or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

2.11 DISCONTINUANCE OF PROCEEDINGS AND RESTORATION OF THE PARTIES. In case Lender shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Lender, then and in every such case Mortgagor and Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Lender shall continue as if no such proceeding had been taken.

2.12 REMEDIES CUMULATIVE. No right, power or remedy conferred upon or reserved to Lender by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

2.13 WAIVER. No delay or omission of Lender or of any holder of the Note to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Mortgage to Lender may be exercised from time to time and as often as may be deemed expedient by Lender. No consent or waiver, express or implied, by Lender to or of any breach or default by Mortgagor in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the same or any other obligations of Mortgagor hereunder. Failure on the part of Lender to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Lender of its rights hereunder or impair any rights, powers or remedies on account of any breach or default by Mortgagor.

If Lender grants forbearance or an extension of time for the payment of any sums or indebtedness secured hereby, such act shall not release, discharge, modify, change or affect the original liability under the Note, this Mortgage or any other obligation of Mortgagor or any maker, co-signer, endorser, surety or guarantor.

ARTICLE III

3.01 SUITS TO PROTECT THE MORTGAGED PROPERTY. Lender shall have power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or in violation of this Mortgage; (b) to preserve or protect its interest in the Mortgaged Property and in the rents, issues,

profits and revenues arising therefrom; and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, regulation, rule, order or other requirement that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, regulation, rule, order or other requirement would impair the security hereunder or be prejudicial to the interest of Lender, and all costs and expenses incurred by Lender in connection therewith (including, without limitation, attorneys' fees) shall be paid by Mortgagor to Lender on demand (with interest at the Default Rate) and shall be additional indebtedness secured hereby.

3.02 SUCCESSORS AND ASSIGNS. This Mortgage shall inure to the benefit of and be binding upon Mortgagor and Lender and their respective heirs, executors, legal representatives, successors and assigns. Without limitation of the provisions of Paragraph 1.15 hereof, whenever a reference is made in this Mortgage to Mortgagor or to Lender, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of Mortgagor or Lender.

3.03 NOTICES. All notices, demands and requests given or required to be given by either party hereto to the other party shall be given in the manner provided in the Note.

3.04 SEVERABILITY. If any provision of this Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Mortgage and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

3.05 APPLICABLE LAW. This Mortgage shall be interpreted, construed and enforced according to the laws of the State of Illinois.

3.06 SECURITY AGREEMENT. This Mortgage shall be construed as a "Security Agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property which constitutes fixtures or personal property. Lender shall have all the rights with respect to such fixtures and personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Lender by this Mortgage or any other agreement.

3.07 MODIFICATION. No change, amendment, modification, cancellation or discharge hereof, or any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns.

3.08 EXCULPATORY CLAUSE. If any Mortgagor is a Trustee, then this Mortgage is executed by such Trustee, not personally but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said Trustee in its personal and individual capacity hereby warrants that it as Trustee possesses full power and authority to execute this instrument), and it is expressly understood and agreed by Lender and by every person now or hereafter claiming any right or security hereunder that nothing contained herein or in the Note secured by this Mortgage shall be construed as creating any liability on said Trustee in its individual capacity personally to

pay the Note or any interest that may accrue thereon, or any indebtedness accruing hereunder or to perform any covenant, either expressed or implied, herein contained, all such liability, if any, being expressly waived, but this waiver shall in no way affect the personal liability of any other person or entity executing the Note or this Mortgage or any guarantor of the obligations of the maker of the Note.

3.09 JOINT AND SEVERAL. If Mortgagor consists of more than one person or entity, the liability of each hereunder shall be joint and several.

3.10 RIDERS. If one or more riders are executed by Mortgagor and recorded together with this Mortgage, all terms and provisions of each such rider are incorporated herein by this reference and made a part hereof.

3.11 RELEASE. The Mortgagor does hereby release any and all Homestead or Marital Rights, or similar rights, in the Mortgaged Property.

IN WITNESS WHEREOF, the parties hereto have signed and delivered this Mortgage and Security Agreement on the day and year first above written.

Tom McClanahan

Elsa McClanahan

Elsa McClanahan

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SCHEDULE B

PERMITTED EXCEPTIONS

Parcels I and II:

1. 1987^{AND 1986} taxes not yet due and payable.
2. An easement in favor of Northern Illinois Gas Company for the installation, relocation, renewal and removal of gas mains and appurtenances.
Recorded: OCTOBER 13, 1960
Document: 18,004,044
Affects: 40 FEET NORTH AND PARALLEL TO CENTER LINE OF TOWN
3. ORDER ENTERED IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS, CASE NUMBER 61 C 16714 DECREES THAT THE CITY OF CHICAGO HAVE AN AVIATION EASEMENT, AS SET FORTH HEREIN IN PERPETUITY OVER AND ABOVE A PLANE WHICH IS 25 FEET ABOVE GROUND LEVEL (SAID GROUND LEVEL BEING DEFINED AS AN ELEVATION OF 655 FEET ABOVE MEAN SEA LEVEL) OVER AND ABOVE THE LAND.
4. AGREEMENT REGISTERED APRIL 3, 1968 AS DOCUMENT 2,380,719 RELATING TO A GRANT OF EASEMENTS. (FOR PARTICULARS SEE DOCUMENT)
5. AGREEMENT BY AND BETWEEN ABE MARMEL AND SHIRLEY MARMEL, THEIR HEIRS AND ASSIGNS, M. C. STEEL, INC., AN ILLINOIS CORPORATION AND TOM MC CLANAHAN, KENNETH MC CLANAHAN, WHEREIN THE OWNERS OF LAND ARE GRANTING TO THE INTENDED GRANTEE, AN EASEMENT FOR INGRESS AND EGRESS OVER PART OF FOREGOING PREMISES AS HEREIN DESCRIBED, THIS GRANT OF EASEMENT SHALL NOT INURE FOR THE BENEFIT OF OWNERS OF PARCEL II OR THEIR SUCCESSORS AND ASSIGNS, AND SHALL BE SUBJECT TO ALL OF THE TERMS, COVENANTS AND AGREEMENTS HEREIN CONTAINED. FOR PARTICULARS SEE DOCUMENT.

6. *Exception #4 - on Court Order # 231087*

PARCEL III:

1. 1987^{AND 1986} Taxes not yet due and payable.
2. A 30 foot building line established by Plat of Subdivision.
Location: NORTHERLY 30 FEET OF PREMISES IN QUESTION
Recorded: SEPTEMBER 29, 1948
Document: 14,411,357
3. An easement for public utilities, as disclosed by the Plat of Subdivision.
Recorded: SEPTEMBER 29, 1948
Document: 14,411,357
Affects: SOUTHERLY 10 FEET OF PREMISES IN QUESTION
4. Covenants, conditions and restrictions contained in the Plat of Subdivision.
Recorded: SEPTEMBER 29, 1948
Document: 14,411,357

Said covenants, conditions and restrictions relate, among other things, to the following:

LOCATION AND CONSTRUCTION OF WATER WELLS AND WASTE DISPOSAL SYSTEMS.

Said covenants, conditions and restrictions do not provide for a reversion of title in the event of a breach thereof.

5. *ENCUMBRANCE DISCLOSURE BY SLAVEY OR WATERBURY (SLAVEY SERVICE INC.), DATED 4/24/87 ORDER NO. N-11747*

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