

This instrument prepared by Paul Kerley, Lord, Bissell & Brook, 118 South LaSalle Street, Suite 3400, Chicago, IL 60603

Common Address of Property: 3375 North Milwaukee Avenue, Northbrook, Illinois 60062, P.I.N. 04-30-201-006

THIS DOCUMENT CONSTITUTES A SECURITY AGREEMENT FOR PURPOSES OF ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE.

MORTGAGE, ASSIGNMENT OF LEASES & SECURITY AGREEMENT

THIS MORTGAGE (the "Mortgage") is made as of June 27, 19 91 by and between William E. Taylor, divorced and not since remarried (the "Mortgagor", and if there is more than one Mortgagor, Mortgagors shall be collectively referred to as "Mortgagor") whose mailing address is 3375 N. Milwaukee Avenue, Northbrook, IL 60062 and Affiliated Bank, an Illinois banking corporation (the "Mortgagee"), whose office is located at 1737 West Howard Street, Chicago, Illinois, 60626

WITNESSES:

See Rider attached hereto and made part hereof.

04-30-201-006

Mortgagor does, by these presents, grant, convey and mortgage unto Mortgagee, its successors and assigns forever, the Real Estate and all of their estates, rights, titles, and interests (free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, which said rights and benefits the Mortgagor does hereby expressly release and waive, and free from all right to retain possession of said real estate after default in payment or breach of any of the covenants and agreements herein contained) legally described on Exhibit "2" attached hereto and made a part hereof (sometimes herein referred to as the "Real Estate"), which Real Estate, together with the following described property, is collectively referred to as the "Premises", together with:

- A) All right, title, and interest of Mortgagor, including any after-acquired title or reversion, in and to the beds of the ways, streets, avenues, and alleys adjoining the Premises.
B) All and singular the tenements, hereditaments, appurtenances, passages, liberties, and privileges thereof or in any way now or hereafter appertaining, including homestead and any other claim at law or in equity as well as any after-acquired title, franchises, or licenses, and the reversion and reversions and remainder and remainders thereof.
C) In accordance with the Collateral Assignment of Lease and Rents dated of even date herewith, all rents, issues, proceeds and profits accruing and to accrue from the Premises; and
D) All buildings and improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction, alteration, and repairs of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Premises immediately upon the delivery thereof to the Premises, and all fixtures, equipment, materials and other types of personal property (other than that belonging to tenants) used in the ownership and operation of the improvement situated thereon with parking and other related facilities, in possession of Mortgagor and now or hereafter located in, on, or upon, or installed in or affixed to, the Real Estate legally described herein, or any improvement or structures thereon, together with all accessories and parts now attached to or used in connection with any such equipment, materials and personal property or which may hereafter, at any time, be placed in or added thereto, and also any and all replacements and proceeds of any such equipment, materials, and personal property, together with the proceeds of any of the foregoing; if being mutually agreed, intended, and declared, that all the aforesaid property shall, so far as permitted by law, be deemed to form a part and parcel of the Real Estate and for the purposes of this Mortgage to be Real Estate, and covered by this Mortgage; and as to any of the property aforesaid which does not so form a part and parcel of the Real Estate or does not constitute a "fixture" (as such term is defined in the Uniform Commercial Code), this Mortgage is hereby deemed to be, as well, a Security Agreement under the Uniform Commercial Code for the purpose of creating hereby a security interest in such property, which Mortgagee hereby grants to the Mortgagee as the Secured Party (as such term is defined in the Uniform Commercial Code).

TO HAVE AND TO HOLD, the same unto the Mortgagee and its successors and assigns forever, for the purposes and uses herein set forth. Provided, however, that if the Mortgagor shall pay the principal and all interest as provided by the Mortgage Note, and shall pay all other sums herein provided for, or secured hereby, and shall well and truly keep and perform all of the covenants herein contained, then this Mortgage shall be released at the cost of the Mortgagor, otherwise to remain in full force and effect.

1. MORTGAGOR'S COVENANTS. To protect the security of this Mortgage, Mortgagor agrees and covenants with the Mortgagee that Mortgagor shall:

- A. Payment of Principal and Interest. Pay promptly when due the principal and interest on the indebtedness evidenced by the Mortgage Note at the times and in the manner herein and in the Mortgage Note provided.
B. Taxes and Deposits Thereof.
(i) Pay immediately when first due and owing, all general taxes, special taxes, special assessments, water utility, sewer charges, and other charges which may be levied against the Premises, and to furnish to Mortgagee upon request thereof, duplicate receipts therefor within thirty (30) days after payment thereof. Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments provided: (a) that such contest shall have the effect of preventing the collection of the tax or assessment so contested and the sale or forfeiture of said Premises or any part thereof, or any interest therein; (b) that Mortgagor has notified Mortgagee in writing of the intention of the Mortgagor to contest the same, before any tax or assessment has been increased by any interest, penalties, or costs; and (c) that Mortgagor shall have deposited with Mortgagee at such place as Mortgagee may from time to time in writing appoint, a sum of money, bond, Letter of Credit or other security reasonably acceptable to Mortgagee which shall be sufficient in the reasonable judgment of the Mortgagee to pay in full such contested tax and assessment and all penalties and interest that might become due thereon, and shall keep said money on deposit or keep in effect said bond or Letter of Credit in an amount sufficient, in the reasonable judgment of the Mortgagee, to pay in full such contested tax and assessment; and all penalties and interest that might become due thereon, and shall keep on deposit an amount sufficient at all times, increasing such amount to cover additional penalties and interest whenever, in the reasonable judgment of the Mortgagee, such increase is advisable. In case the Mortgagor, after demand is made upon it by Mortgagee, shall fail to prosecute such contest with reasonable diligence, or shall fail to maintain sufficient funds on deposit as hereinabove provided, the Mortgagee may, at its option upon notice to Mortgagor, apply the monies and/or liquidate the securities deposited with Mortgagee, in payment of, or on account of, such taxes and assessments, or any portion thereof then unpaid, including the payment of all penalties and interest thereon. If the amount of the money and/or security so deposited shall be insufficient as aforesaid for the payment in full of such taxes and assessments, together with all penalties and interest thereon, the Mortgagor shall forthwith upon demand, either (a) deposit with the Mortgagee a sum which, when added to the funds then on deposit, shall be sufficient to make such payment in full, or (b) in case the Mortgagee shall have applied funds on deposit on account of such taxes and assessments, restore said deposit to an amount reasonably satisfactory to Mortgagee. Provided Mortgagor is not then in default hereunder, the Mortgagee shall, upon the final disposition of such contest and upon Mortgagor's delivery to Mortgagee of an official bill for such taxes, apply the money so deposited in full payment of such taxes and assessments or that part thereof then unpaid, together with all penalties and interest due thereon and return on demand the balance of said deposit, if any, to the Mortgagor.
(ii) Mortgagor shall deposit with the Mortgagee commencing on the date of disbursement of the proceeds of the loan secured hereby and on the first day of each month following the month in which said disbursement occurs, a sum equal to the amount of all real estate taxes and assessments (general and special) next due upon or for the Premises (the amount of such taxes next due to be based upon the Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and assessed) reduced by the amount, if any, then on deposit with the Mortgagee, divided by the number of months to elapse before two months prior to the date when such taxes and assessments will become due and payable. Such deposits are to be held without any allowance of interest to Mortgagor and are to be used for the payment of taxes and assessments (general and special) on the Premises next due

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Title Indemnity from Title Insurance Company

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and payable when they become due. If the funds so deposited are insufficient to pay any such taxes or assessments (general or special) when the same become due and payable, the Mortgagor shall, within ten (10) days after receipt of demand therefor from the Mortgagee, deposit such additional funds as may be necessary to pay such taxes and assessments (general and special) in full. If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special) for any year, the excess shall be applied on a subsequent deposit or deposits. Said deposits need not be kept separate and apart from any other funds of the Mortgagee.

Anything in this paragraph (II) to the contrary notwithstanding, if the funds so deposited are insufficient to pay any such taxes or assessments (general or special) or any installment thereof, Mortgagee will, not later than the thirtieth (30th) day prior to the last day on which the same may be paid without penalty or interest, deposit with the Mortgagee the full amount of any such deficiency.

If any such taxes or assessments (general or special) shall be levied, charged, assessed or imposed upon or for the Premises, or any portion thereof, and if such taxes or assessments shall also be a levy, charge, assessments or imposition upon or for any other Premises not encumbered by the lien of this Mortgage, then the computation of any amount to be deposited under paragraph (II) shall be based upon the entire amount of such taxes or assessments, and Mortgagor shall not have the right to apportion the amount of any such taxes or assessments for the purposes of such computation.

(B) Hazard. Keep the improvements now existing or hereafter erected on the Premises insured under a replacement cost form of insurance policy against loss or damage resulting from fire, windstorm, and other hazards as may be required by Mortgagee, and to pay promptly, when due, any premiums on such insurance, provided however, Mortgagee may make such payments on behalf of Mortgagor. All insurance shall be in the form and content as reasonably approved by the Mortgagee (which shall be carried in companies reasonably acceptable to Mortgagee) and the policies and renewals marked "PAID" shall be delivered to the Mortgagee at least thirty (30) days before the expiration of the old policies and shall have attached thereto standard noncontributing mortgage clause(s) in favor of and entitling Mortgagee to collect any and all of the proceeds payable under all such insurance, as well as standard waiver of subrogation endorsement, if available. Mortgagor shall not carry separate insurance, concurrent in kind or form and contributing in the event of loss, with any insurance required hereunder. In the event of any casualty loss, Mortgagor will give immediate notice by mail to the Mortgagee.

(C) Liability and Business Interruption Insurance. Carry and maintain comprehensive public liability insurance and business interruption (or loss of rental) insurance as may be required from time to time by the Mortgagee in forms, amounts, and with companies reasonably satisfactory to the Mortgagee. Such liability policy and business interruption insurance shall name Mortgagee as an additional insured; any thereunder. Certificates of such insurance, premiums prepaid, shall be deposited with the Mortgagee and shall contain provisions for thirty (30) days' notice to the Mortgagee prior to cancellation thereof.

(D) Insurance Deposit. The Mortgagor will deposit with Mortgagee within ten (10) days after notice of demand by Mortgagee in addition the monthly payments of interest or principal payable under the terms of the Mortgage Note secured hereby and in addition to the deposits for general and special taxes a sum equal to the premiums that will next become due and payable on policies of fire, extended coverage and other hazard insurance, covering the mortgaged Premises, less all sums already paid therefor, divided by the number of months to elapse before one (1) month prior to the date when such insurance premiums will become due and payable, such sums to be held in trust without interest to pay said insurance premiums. If the Mortgagor defaults in so insuring the Premises, or in so assigning and delivering certified copies of the policies, the Mortgagee may, at the option of the Mortgagee, effect such insurance from year to year and pay the premium therefor, and the Mortgagor will reimburse the Mortgagee for any premiums so paid, with interest from time of payment at the default rate as set forth in the Mortgage Note on demand and the same shall be secured by this Mortgage.

(E) Mortgagee's Interest In and Use of Tax and Insurance Deposits; Security Interest. In the event of a default hereunder, the Mortgagee may, at its option but without being required to do so, apply any monies at the time of deposit pursuant to paragraphs 1(B)(II) and 1(C)(III) hereof on any of Mortgagor's obligations (as defined herein or in the Mortgage Note, in such order and manner as the Mortgagee may elect. When the indebtedness has been fully paid, any remaining deposits shall be paid to Mortgagor or to the then owner or owners of the Premises as the same appear on the records of the Mortgagee. A security interest, within the meaning of the Uniform Commercial Code of the State in which the Premises are located, is hereby granted to the Mortgagee in and to all monies at any time on deposit pursuant to Paragraphs 1(B)(II) and 1(C)(III) hereof and such monies and all of Mortgagor's right, title and interest therein are hereby assigned to Mortgagee, all as additions to security for the indebtedness hereunder and shall, in the absence of default hereunder, be applied by the Mortgagee for the purposes for which made hereunder and shall not be subject to the direction or control of the Mortgagor; provided, however, that the Mortgagor shall not be liable for any failure to apply to the payment of taxes or assessments or insurance premiums any amount so deposited unless Mortgagor, while not in default hereunder, shall have furnished Mortgagee with the bills therefor and requested Mortgagee, in writing, to make application of such funds to the payment of the particular taxes or assessments or insurance premiums for payment of which they were deposited, accompanied by the bills for such taxes or assessments or insurance premiums. Mortgagee shall not be liable for any act or omission taken in good faith, but only for its gross negligence or willful misconduct.

(F) Mortgagee Consent Shall Be Required: Mortgagor shall not amend, modify, change, cancel or terminate any of the insurance policies required to be maintained by Mortgagor without the prior written consent of Mortgagee.

(G) Preservation and Restoration of Premises and Compliance with Governmental Regulations. Mortgagor shall (a) promptly repair, restore, or rebuild any buildings and other improvements now or hereafter on the Premises which may become damaged or destroyed to substantially the same character as prior to such damage or destruction, without regard to the availability or adequacy of any casualty insurance proceeds or eminent domain awards; (b) keep the Premises constantly in good condition and repair, without waste; (c) keep the Premises free from mechanical liens or other liens or encumbrances that may be imposed thereon; (d) immediately pay (collectively called "Liens"), subject however to the rights of the Mortgagee set forth in the next paragraph below, and upon when due any indebtedness which may be secured by a lien hereof (no such subsequent lien to be permitted hereunder) and upon request exhibit satisfactory evidence of the discharge of such lien to Mortgagee; (e) comply with all laws, rules, regulations, orders and judgments of all governmental authorities having jurisdiction over the Premises; (f) comply with all laws, rules, regulations, orders and judgments of all governmental authorities having jurisdiction over the Premises; (g) comply with all laws, rules, regulations, orders and judgments of all governmental authorities having jurisdiction over the Premises; (h) respect to the Premises and the use thereof; (i) make no alterations in the Premises without Mortgagee's prior written consent; (j) suffer or permit no change in the general nature of the occupancy of the Premises without Mortgagee's prior written consent; (k) observe and comply with all conditions and requirements (if any) necessary to preserve and extend all rights, easements, licenses, permits (including without limitation zoning variations and any non-conforming uses and structures), privileges, franchises and concessions applicable to the Premises or contracted for in connection with any present or future use of the Premises; and (l) pay each item of indebtedness secured by this Mortgage when due without set-off, recoupment, or deduction according to the terms hereof and of the Mortgage Note. As used in this paragraph and elsewhere in this Mortgage, the term "indebtedness" means and includes the unpaid principal sum evidenced by the Mortgage Note, together with all interest, additional interest, late charges and prepayment premiums thereon, and all other sums at any time secured by this Mortgage.

Anything in (c) and (d) above to the contrary notwithstanding, Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any lien hereunder, and defer payment and discharge thereof during the pendency of such contest, provided: (i) that such contest shall have the effect of preventing the sale or foreclosure of the Premises or any part thereof, or any interest therein, to satisfy such lien; (ii) that, within ten (10) days after Mortgagee has been notified of the assertion of such lien, Mortgagor shall have notified Mortgagee in writing of Mortgagor's intention to contest such a lien; and (iii) that Mortgagor shall have deposited with Mortgagee a sum of money which shall be sufficient in the judgment of the Mortgagee to pay in full such lien and all interest which might become due thereon, and shall keep on deposit an amount so sufficient at all times, increasing such amount to cover additional interest whenever, in the judgment of Mortgagee, such increase is advisable. Such deposits are to be held without any allowance of interest. If Mortgagor shall fail to prosecute such contest with reasonable diligence or shall fail to pay the amount of the lien plus any interest finally determined to be due upon the conclusion of such contest, to the extent such amount exceeds the amount which Mortgagee will pay as provided below, or shall fail to maintain sufficient funds on deposit as hereinabove provided, Mortgagee may, at its option, apply the money so deposited in payment of or on account of such lien, or that part thereof then unpaid, together with all interest thereon. If the amount of money so deposited shall be insufficient for the payment in full of such lien, together with all interest thereon, Mortgagor shall forthwith, upon demand, deposit with Mortgagee a sum which, when added to the funds then on deposit, shall be sufficient to make such payment in full. Mortgagee shall, upon the final disposition of such contest, apply the money so deposited in full payment of such lien or that part thereof then unpaid (provided Mortgagor is not then in default hereunder) when so required in writing by Mortgagor and when furnished by Mortgagee with sufficient funds to make such payment in full and with evidence satisfactory to Mortgagee of the amount of payment to be made.

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which consent shall not be reasonably withheld.

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EXHIBIT 2

THAT PART OF THE SOUTH 15 ACRES OF THE NORTH 1/2 OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED BY COMMENCING AT THE POINT OF INTERSECTION OF THE SOUTH LINE OF SAID NORTH 1/2 WITH THE CENTER LINE OF MILWAUKEE AVENUE, WHICH POINT IS 1078.64 FEET MORE OR LESS EAST OF THE WEST LINE OF SAID NORTHEAST 1/4 AND RUNNING THENCE NORTHWESTERLY ALONG SAID CENTER LINE OF MILWAUKEE AVENUE A DISTANCE OF 154.06 FEET TO ITS INTERSECTION WITH A LINE 125 FEET MEASURED PERPENDICULARLY, NORTH OF AND PARALLEL WITH SAID SOUTH LINE OF THE NORTH 1/2 FOR A PLACE OF BEGINNING; THENCE NORTHWESTERLY ALONG CENTER LINE OF MILWAUKEE AVENUE, 150.73 FEET TO THE NORTH LINE OF SAID SOUTH 15 ACRES; THENCE EAST ALONG THE NORTH LINE OF SAID SOUTH 15 ACRES 391.85 FEET TO THE CENTER LINE OF SANDERS ROAD; THENCE SOUTHERLY ALONG THE CENTER LINE OF SANDERS ROAD 123.30 FEET TO ITS INTERSECTION WITH A LINE 125 FEET MEASURED PERPENDICULARLY NORTH OF AND PARALLEL WITH SAID SOUTH LINE OF THE NORTH 1/2; THENCE WEST ALONG AFOREMENTIONED LINE 319.46 FEET TO PLACE OF BEGINNING, (EXCEPTING FROM SAID TRACT OF LAND THAT PART THEREOF DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF SANDERS ROAD WITH A LINE 125 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF THE NORTH 1/2 AFORESAID; THENCE WEST, ON SAID PARALLEL LINE, TO THE INTERSECTION WITH A LINE 30 FEET WESTERLY OF AND PARALLEL WITH SAID CENTER LINE; THENCE NORTHWESTERLY ON SAID 30 FOOT PARALLEL LINE, TO THE NORTH LINE OF THE SOUTH 15 ACRES AFORESAID; THENCE EAST, ON SAID NORTH LINE, TO THE CENTER LINE OF SANDERS ROAD AFORESAID, THENCE SOUTHEASTERLY, ON SAID CENTER LINE TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Common Address:
3375 N. Milwaukee Avenue
Northbrook, IL

P.I.N. # 04-30-201-006

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EXHIBIT 3

Mortgagor/Debtor: William E. Taylor

Secured Party: Affiliated Bank

DESCRIPTION OF COLLATERAL

All of the following property now or at any time hereafter owned by Mortgagor/Debtor (hereinafter referred to from time to time as "Debtor") or in which the Mortgagor/Debtor may now or at any time hereafter have any interest or rights, together with all of Mortgagor/Debtor's rights, title and interest therein and thereto:

1. All machinery, apparatus, equipment, inventory, fittings, fixtures, appliances, furnishings, supplies and articles of personal property of every kind and nature whatsoever, including, but not limited to, any for the purpose of supplying or distributing heat, light, air, power, water, ventilation, air conditioning or refrigeration (whether single units or centrally controlled), all screens, screen doors, storm windows, storm doors, shades, awnings, gas and electric fixtures and equipment, fans, radiators, heaters, engines, machinery, boilers, ranges, furniture, motors, sinks, bathtubs, carpets, floor coverings, windows shades, drapes, furnaces, stokers, control switchboards, pipes, tanks, lifting equipment, fire control or fire extinguishing apparatus or equipment, ducts, compressors, pumps, furniture and furnishings, located on or affixed to, attached to, incorporated in, or placed upon the "Premises" (as defined in Exhibit 2) or in any building or improvements now located thereon or hereafter located thereon, except for any of the foregoing items of property which are owned by any tenant of any such building or improvement and which, according to the terms of any applicable lease, may be removed by such tenant at the expiration or termination of said lease.

2. All equipment, material, inventory and supplies wherever located and whether in the possession of the Debtor or any third party, intended or prepared for use in connection with the construction of, incorporation into or affixment to the Property or any building or improvement being, or to be, constructed upon the Property, including, without limitation, all lumber, masonry, steel and metal (assembled, fabricated or otherwise), in the possession of any third party intended or designated for incorporation into or affixment to any such building or improvement.

3. Any and all contracts and agreements for construction, construction supervision, architectural services, maintenance, management, operation, marketing, leasing and other professional services pertaining to the Property heretofore or hereafter entered by Debtor or Trustee, including any subcontractors, material supply contracts, and including all of Debtor's or Trustee's rights to receive services, work, materials, supplies and other goods thereunder, claims and rights with respect to non-performance or breach of such contracts and agreements, including rights under any payment and performance bond(s) issued to Debtor or Trustee and/or said contractor(s), and all plans and specifications, drawings, models and work product relating to the buildings and other improvements intended to be undertaken on the Property pursuant to the Loan Documents.

4. Any and all accounts, chattel paper and general intangibles, now or hereafter acquired, as those terms are defined in the Uniform Commercial Code, including but not limited to, all of the Debtor's or Trustee's right, title and interest in, to and under any contracts, leases, licenses or other agreements of any kind entered into by Debtor or Trustee in connection with the ownership, construction, maintenance, use, operation, leasing or marketing of the Property, including but not limited to any escrow, franchise, warranty, service, management, operation, equipment or concess on contract, agreement or lease, and end-loan commitment, including all of Debtor's or Trustee's rights to receive services or benefits and claims and rights to receive services or benefits and claims and rights with respect to non-performance or breach thereof.

5. All governmental or administrative permits, licenses, certificates, consents and approvals relating to the Property or any building or improvements thereon or to be constructed or made thereon.

6. All proceeds of or any payments due to or for the account of Debtor or Trustee under any policy of insurance (or similar agreement) insuring, covering or payable upon loss, damage, destruction or other casualty occurrence of or with respect to any of the foregoing described Collateral, the Property or any building or improvement now or hereafter located on the Property, whether or not such policy or agreement is owned or was provided by Debtor or names Debtor or Secured Party as beneficiary or loss payee and all refunds of unearned premiums payable to Debtor or Trustee on or with respect to any such policies or agreements.

7. Any and all proceeds or rights to proceeds arising out of any condemnation or exercise of right of eminent domain pertaining to the Property or any building or improvement now or hereafter located on the Property.

8. All proceeds of, substitutions and replacements for accessions to and products of any of the foregoing in whatever form, including, without limitation, cash, checks, drafts and other instruments for the payment of money (whether intended as payment or credit items), chattel paper, security agreements, documents of title and all other documents and instruments.

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PROMISSORY NOTE

\$510,000.00

Chicago, Illinois
June 27, 1991

National K-9 Security Incorporated, an Illinois corporation ("Maker") promises to pay to the order of Affiliated Bank, an Illinois banking corporation ("Bank") the principal sum of FIVE HUNDRED TEN THOUSAND AND NO/100 DOLLARS (\$510,000.00) or so much thereof as may be advanced in accordance with the terms of a certain Construction Loan and Security Agreement between Maker, William E. Taylor ("Taylor") and Bank, executed of even date herewith (hereinafter referred to as the "Loan Agreement"), together with interest thereon, in lawful money of the United States of America, as follows:

A. During the period from the date hereof to December 31, 1991 ("Construction Maturity Date"), interest only on the outstanding advances at the rate of seven and one-half (7-1/2%) per annum shall be paid in arrears on the first day of the first month following the first advance under the Loan Agreement and on the first day of each month thereafter with a final interest payment on the Construction Maturity Date.

B. Provided the "Conversion Conditions", as defined in the Loan Agreement, have been satisfied and the loan evidenced by this Note converts to an end loan as set forth in paragraph C below, then, subject to the right of the Bank to demand payment of this Note in full as set forth in paragraph C below, on and after the Construction Maturity Date, principal and interest shall be due and payable in equal monthly installments amortized over 15 years at seven and one-half percent (7-1/2%) per annum, which, if the principal amount outstanding on the Construction Maturity Date is in fact \$510,000, would be in equal monthly installments of (\$4,727.77) each, with one final installment of all remaining unpaid principal and unpaid and accrued interest due and payable on December 31, 2006.

C. This Note shall mature on the Construction Maturity Date, unless Maker shall have satisfied the Conversion Conditions on or before the Construction Maturity Date, in which case the loan evidenced by this Note shall convert to an end loan, time being of the essence. If Maker satisfies the Conversion Conditions on or before the Construction Maturity Date and the loan converts to an end loan as aforesaid, the unpaid principal sum of this Note shall be paid in the manner set forth in paragraph B above unless Bank demands earlier payment of this Note. The Bank shall have the right to accelerate the maturity of this

EXHIBIT 1

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Note to December 27 of either 1994, 1997, 2000 or 2003 (the "Early Maturity Dates"). In order to exercise its right to accelerate this Note to any of the Early Maturity Dates, the Bank shall first give one hundred twenty (120) days' prior written notice to Maker of the Bank's election so to do, whereupon the principal sum of this Note together with interest accrued thereon and all other charges shall be and become due and payable on the Early Maturity Date specified in the Bank's notice to Maker.

All computations of interest shall be calculated on the basis of the actual number of days the principal sum hereof is outstanding, computed on the basis of a 360 day year.

Any amount of interest or principal hereof which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall bear interest payable on demand at a annual interest rate equal at all times to 24 percentage points above the interest rate referred to above. If, at any time, the applicable interest rate hereunder is deemed by any competent court, agency, or board to exceed the maximum rate of interest permitted by any applicable law, then, for such time as the applicable interest rate hereunder would be deemed excessive, this Note shall bear interest at the maximum rate of interest permissible under such applicable law, but thereafter, the former applicable interest rate hereunder shall be reinstated.

All payments of principal and interest on this Note shall be payable at the offices of the Bank located at 1737 West Howard Street, Chicago, Illinois 60624, or at such other place as the holder of this Note may designate in writing to the Maker. If any payment of principal or interest hereunder shall become due on a Saturday, Sunday or business holiday under the laws of the State of Illinois, such payment shall be made on the next succeeding business day and such extension shall be included in computing any interest in respect of such payment. This Note may be prepaid in whole or in part at any time or from time to time without premium or penalty. All payments and prepayments hereunder shall be applied first to interest on the unpaid balance at the rate herein specified and then to installments of principal in the inverse order of their maturity.

This Note is the Note referenced in the Loan Agreement and evidences indebtedness incurred by Maker thereunder. The holder of this Note is entitled to all the benefits provided in the Loan Agreement and the Loan Documents referred to therein. This Note is secured by, among other things, those certain mortgage hypothecation agreements, of even date herewith ("Mortgages") executed by Taylor, the

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sole shareholder of Maker, in favor of the Bank, which encumber real estate located in Cook County, Illinois. Reference is hereby made to the Loan Agreement and the Mortgages for a statement of the terms and conditions under which the due date of this Note may be accelerated or is automatically accelerated, which such terms and conditions of said documents are incorporated herein by this reference and made part of this Note.

The Maker agrees to pay all costs of collection and all attorneys' fees paid or incurred in enforcing any of the Bank's rights hereunder or under the Loan Agreement promptly on demand of the Bank. The undersigned hereby waives demand, presentment, protest, notice of protest, notice of dishonor or default and any other notice or demand of whatsoever kind or nature in connection with this Note, the loan evidenced hereby or in the Loan Agreement. Maker hereby consents to the jurisdiction of any federal, state or local court located within Cook County, Illinois, and waives personal service of any and all process hereunder, under the Loan Agreement or under the Loan Documents and agrees and consents that all such service of process may be made by registered or certified mail, return receipt requested, addressed to National K-9 Security, Incorporated, 3375 North Milwaukee Avenue, Northbrook, Illinois 60062, and such process shall be deemed to have been given five (5) days after the same shall have been so mailed. The Maker waives any objection to venue of any action instituted hereunder, under the Loan Agreement or under the Loan Documents and any right to trial by jury in connection therewith. This Note and the loan evidenced hereby have been made in and shall be construed in accordance with and governed by the laws of the State of Illinois.

NATIONAL K-9 SECURITY
INCORPORATED, an Illinois
corporation

By: William E. Taylor
William E. Taylor
Its: President

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2024/11/15

Article 9 of the Illinois Uniform Commercial Code, as amended, which security interest in that portion of the premises with respect to which a security interest can be granted under...

7. EXECUTION OF SECURITY AGREEMENT AND FINANCING STATEMENT. Management shall execute and file with the appropriate authorities...

8. SUBORDINATION. In the event the proceeds of the loan made by the Mortgagee to the Mortgagee, or any part thereof, or any amount paid out or advanced by the Mortgagee...

9. ILLEGALITY OF TERMS HEREOF. Nothing herein or in the Mortgage Note contained nor any transaction hereunder shall be deemed necessary for such certification and that those statements are true and correct and complete.

(c) Mortgagee covenants and agrees upon Mortgagee's request to furnish to the Mortgagee, within ninety (90) days following the end of every fiscal year applicable to the operation of the Premises, a copy of a report of the operations of the Premises...

(B) Furnishing of Financial Statements to Mortgagee. Mortgagee covenants and agrees that it will keep and maintain books and records of account in which full, true and correct entries shall be made of all dealings and transactions relative to the Premises...

4. (A) ACKNOWLEDGMENT OF DEBT. Mortgagee shall furnish, from time to time, with a thirty (30) day advance notice, a written statement of the amount due upon this Mortgage and whether any alleged offsets or defenses exist against the indebtedness...

3. TENANT DOMAIN. So long as any portion of the principal balance evidenced by the Mortgage Note remains unpaid, any and all awards hereunder or hereafter made or to be made by a court of competent jurisdiction or by any governmental or other lawful authority...

2. MORTGAGEE'S REMEDY UPON DEFAULT. In case of default hereunder, Mortgagee may, but need not, at any time subject to the provisions of a state or federal law, make any payment or perform any act herein required of Mortgagee in any form and manner...

(iv) If Mortgagee, beneficiary or any other person shall modify, amend, terminate, lease or otherwise dispose of all or substantially all of its property, assets or business...

(iii) Any sale, conveyance, assignment, or other transfer of, or the mortgage, pledge, or grant of a security interest in, any shares or stock of a corporation...

(ii) Any sale, conveyance, assignment, or other transfer of, or the mortgage, pledge, or grant of a security interest in, all or any part of the legal and/or equitable title to the Premises including, without limitation, all or any part of the beneficial interest of a trustee Mortgagee...

Restrictions on Transfer and Financing. For the purpose of protecting Mortgagee's security, keeping the Premises free from encumbrances, and/or allowing Mortgagee to raise the interest rate and to conduct assumption hereon, Mortgagee agrees that any sale, conveyance, further encumbrance or other transfer of title to the Premises, or any interest therein (whether voluntarily or by operation of law) without the Mortgagee's prior written consent...

For the purpose of the paragraph 2 and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Mortgagee's prior written consent, shall be deemed to be an unauthorized transfer of title to the Premises and therefore an Event of Default hereunder:

except current taxes not yet due and payable

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To the extent such personality is not deemed to be part of the Premises

neither located upon the premises, or related to or used or usable in connection with any present or future operation upon such property, and a security interest in the proceeds of all insurance policies now or hereafter covering all or any part of such property.

8. MORTGAGEE'S PAYMENT OF GOVERNMENTAL, MUNICIPAL OR OTHER CHARGES OR LIENS. Upon the occurrence of an event of default hereunder, Mortgagee is hereby authorized subject to the terms of and provisions of this Mortgage, to make or advance, in the place and stead of the Mortgagee, any payment relating to taxes, assessments, water rates, sewer rentals, and other governmental or municipal charges, fines, impositions, or liens asserted against the Premises and may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement, or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien, or other claim thereof, and the Mortgagee is further authorized to make or advance in the place and stead of the Mortgagee any payment relating to any appeal or threatened adverse title, lien, statement of lien, encumbrance, claim, or charge, or payment otherwise relating to any other purpose herein and hereby authorized but not enumerated in this paragraph, and may do so whenever, in its reasonable judgment and discretion, such advance or advance shall seem necessary or desirable to protect the full security intended to be created by this instrument, and, provided further, that in connection with any such advance, Mortgagee, in its option, may and is hereby authorized to obtain a continuation report of title or title insurance report prepared by a title insurance company of Mortgagee's choosing.

All such advances and indebtedness authorized by this paragraph shall be repayable by Mortgagee upon demand with interest at the Default Rate.

9. STAMP TAX; EFFECT OF CHANGES IN LAW REGARDING TAXATION.

(A) If, by the laws of the United States of America or of any state or subdivision thereof having jurisdiction over the Mortgagee, any tax is due or becomes due in respect of the issuance of the Mortgage Note, the Mortgagee further covenants to reimburse the Mortgagee for any such tax in the manner required by any such law. The Mortgagee further covenants to reimburse the Mortgagee for any sums which Mortgagee may expend by reason of the imposition of any tax on the issuance of the Mortgage Note.

(B) In the event of the enactment, after this date, of any law of the state in which the Premises are located deducting from the value of the land for the purpose of taxation any lien thereon, or imposing upon the Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens hereon required to be paid by Mortgagee, or charging in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this mortgage or the debt secured hereby or the holder thereof, then, and in any such event, the Mortgagee, upon demand by the Mortgagee, shall pay such taxes or assessments or charges or assessments or charges or liens, that if in the opinion of Mortgagee, it might be unwise to require Mortgagee to make such payment or (ii) the making of such payment might result in the imposition of any tax beyond the maximum amount permitted by law; then and in any such event, the Mortgagee may elect by notice in writing given to the Mortgagee, to declare all of the indebtedness to be and become due and payable sixty (60) days from the giving of such notice.

10. PURPOSE OF LOAN. Mortgagee (as advised by its beneficiary(ies)) if Mortgagee is a land trust, if such is the case) represents, understands and agrees that the obligations secured hereby constitute a business loan as defined in this paragraph. This Mortgage Note is an exempt transaction under the Truth-in-Lending Act, 15 U.S.C. paragraph 1601 et seq, and this Mortgage Note and the Mortgage Note shall be used for business purposes as defined in paragraph 5404 Sec. 4(c), Chap. 17 of the Illinois Revised Statutes.

11. MORTGAGEE'S RIGHT OF INSPECTION. The Mortgagee and any persons authorized by the Mortgagee shall have the right to enter upon and inspect the Premises at all reasonable times and, at any time after default by the Mortgagee in the performance of any of the terms, covenants, or provisions of this Mortgage or the Loan Documents, the Management or maintenance of the Premises shall be determined by the Mortgagee to be used exclusively for the duration of such default, as a managing agent of the Premises, any person from time to time designated by the Mortgagee and Mortgagee shall be liable for any inspection fee.

12. REPRESENTATIONS AND WARRANTIES. Mortgagee (hereinafter named, by directing Mortgagee to execute and deliver in the execution of this Mortgage, to the best of their knowledge (present and future) and as of all dates hereafter that: (a) Ownership: Mortgagee owns the entire Premises and no person or entity, other than Mortgagee and the Mortgagee has any interest (direct or indirect, collateral or otherwise) (other than the lease a leasehold interest) in the Premises; (b) Use of Mortgage Proceeds: Mortgagee intends to utilize, and is utilizing, the proceeds of the indebtedness evidenced by the Mortgage Note and secured hereby for its business purposes;

(c) **Truthful Statements.** Mortgagee has not made any untrue statement or false disclosure to induce it to issue its Commitment Letter with respect to its financial status or ability to repay its debt obligations or perform the covenants contained in the Loan Documents specified in the Mortgage Note, or omitted to state a material fact necessary to make statements made or matters disclosed to Mortgagee, in light of the circumstances under which said statements were made or matters disclosed, not misleading; (d) **Default Under Agreements.** Mortgagee is not in default under any agreement to which it is a party, the effect of which will materially and adversely affect performance by Mortgagee of its obligations pursuant to and as contemplated by the terms and provisions of the Mortgage Commitment Letter, the Mortgage Note, or any of the Loan Documents hereinafter specified, and the consummation of the transaction herein and therein contemplated, and compliance with the terms hereof and thereof will not violate any presently existing applicable order, writ, injunction, or decree of any court or governmental department, commission, bureau, agency, or instrumentality, and will not conflict with, be inconsistent with, or result in any breach of any of the terms, covenants, conditions, or provisions of, or constitute a default under any articles, by-laws, partnership agreement, indenture, mortgage, deed of trust, instrument, document, agreement or contract to which Mortgagee may be bound; and

(e) **Proceedings and Liens.** Mortgagee is not involved, or to the best of its knowledge, is not to be involved in, any actions, suits, or proceedings affecting them or the Premises before any court or governmental, administrative, regulatory, adjudicating, or arbitrational body or agency of any kind which is not covered by insurance, and which will materially affect the performance by Mortgagee of its obligations pursuant to this Mortgage, the Mortgage Note, or the Loan Documents specified therein.

(f) **VALID AND ENFORCEABLE.** Mortgagee warrants that this Mortgage, Mortgage Note and any other Loan Documents are valid and enforceable in accordance with their terms; (g) **Condition of Premises.** The buildings are in high quality physical order, repair and condition, are structurally sound and wind and water tight, and all plumbing, electrical, heating, ventilation, air conditioning, elevator and other mechanical systems and equipment are in good operating order, repair and condition;

(h) **Taxes.** Mortgagee has filed all federal, state, county, and municipal income tax returns required to have been filed by it and has paid all taxes which have become due pursuant to such returns or pursuant to any assessments received by it, and Mortgagee does not know of any basis for additional assessment in respect of such taxes; (i) **Litigation.** There is not now pending against or affecting Mortgagee, Beneficiary or any Guarantor of the Mortgage Note or the Premises nor, to the knowledge of Mortgagee, is there threatened, any action, suit or proceeding at law or in equity or by or before any administrative agency which it adversely determined would materially impair or affect the financial condition or operation of Mortgagee, Beneficiary, or any Guarantor of the Mortgage Note or the Premises.

(j) **Existing Leases.** All existing leases affecting the Premises are in full force and effect and neither Lessor nor Lessee are in default thereunder and no lease has any decision or action against it and all leases contain superior provisions in accordance with their terms; (k) **Permits and Approvals.** All permits, certificates, approvals, and licenses required for or in connection with the ownership, use, occupancy or enjoyment of the Premises or in connection with the organization, existence, and conduct of the business of Mortgagee, have been duly and validly issued and are and shall at all times be in full force and effect.

(l) **Zoning.** The Premises are duly and validly zoned as to permit the current use, occupancy and operation of the Premises and such zoning is final and unconditional and in full force and effect, and no attacks are pending or threatened with respect thereto. The Premises comply with the requirements, standards and limitations set forth in the applicable zoning ordinances and other applicable provisions in all particulars including but not limited to, bulk, density, height, character, dimension, location and parking restrictions or provisions; (m) **Utilities.** All utility services necessary and sufficient for the full use, occupancy and operation of the Premises are available to and currently servicing the Premises without the necessity of any off-site improvements or further connection costs.

[] that certain Construction Loan and Security Agreement (the "Agreement") between Mortgagee and Mortgagee

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between Mortgagee and Mortgagee

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1. The Mortgagee shall continue in the event of Default under this Mortgage: (a) Failure to Prepay Interest, Any Failure to Prepay Interest as provided in paragraphs 11(c)(i) and 11(c)(ii) hereof;

(b) Failure to Pay Principal or Interest, Any Failure to Pay Principal or Interest as provided in paragraphs 11(d)(i) and 11(d)(ii) hereof;

(c) Failure to Pay Taxes, Any Failure to Pay Taxes as provided in paragraph 11(e) hereof;

(d) Failure to Pay Insurance, Any Failure to Pay Insurance as provided in paragraph 11(f) hereof;

(e) Failure to Pay Other Charges, Any Failure to Pay Other Charges as provided in paragraph 11(g) hereof;

(f) Failure to Maintain Property, Any Failure to Maintain Property as provided in paragraph 11(h) hereof;

(g) Failure to Comply with Laws, Any Failure to Comply with Laws as provided in paragraph 11(i) hereof;

(h) Failure to Comply with Other Covenants, Any Failure to Comply with Other Covenants as provided in paragraph 11(j) hereof;

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- force, and any claims or proceeds thereunder shall to the extent of the indebtedness, pass to the Mortgagee or any purchaser or grantee.
- (2) In the event that Mortgagee elects to make available to the Mortgagor the proceeds of any award for eminent domain to restore any improvements on the Premises, no disbursement thereof shall occur unless Mortgagee is in compliance with each of the following conditions:
- (i) No Event of Default shall then exist under any of the terms, covenants, and conditions of the Mortgage Note, this Mortgage, or any other documents or instruments evidencing or securing the Mortgage Note;
 - (ii) Mortgagee shall first be given satisfactory proof that such improvements have been fully restored or that by the expenditure of such award and any such sums deposited with Mortgagee pursuant to the terms of subparagraph (iii) hereof, will be fully restored, free and clear of all mechanics and materialmen's liens, except for liens for which adequate provision is made pursuant to paragraph 1(D) hereof, within six (6) months from the date of such taking;
 - (iii) In the event such award shall be insufficient to restore the improvements, Mortgagee shall accept promptly with Mortgagee funds which, together with the award proceeds, would be sufficient to restore the improvements;
 - (iv) The rental income to be derived from the improvements, subsequent to such taking by eminent domain, shall not adversely affect the Mortgagor's ability to pay the indebtedness evidenced by the Mortgage Note;
 - (v) The disbursement of the award will be made according to those provisions of paragraph 24 which relate to the disbursement of insurance proceeds for repair and restoration of the improvements and the conditions precedent to be satisfied by the Mortgagor with regard thereto;
 - (vi) The excess of the proceeds of the award, above the amount necessary to complete such restoration, shall be applied as a credit upon any portion, as selected by Mortgagee, of the indebtedness secured hereby, but the proceeds of the award released by Mortgagee for restoration shall, in no event, be deemed a payment of the indebtedness secured hereby.

25. **FILING AND RECORDING CHARGES AND TAXES.** Mortgagee will pay all filing, registration, recording and search and information fees, and all expenses incurred in the execution and acknowledgment of this Mortgage and all other documents securing the Mortgage Note and all federal, state county and municipal taxes, other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution, delivery, filing, recording or registration of the Mortgage Note, this Mortgage and all other documents securing the Mortgage Note and all assignments thereof.

26. **NON-JOINDER OF TENANTS.** After an Event of Default, Mortgagee shall have the right and option to commence a civil action to foreclose the lien on this Mortgage and obtain an order or judgment of foreclosure and sale subject to the rights of any tenant or tenants of the Premises. The failure to join any tenant or tenants of the Premises as party defendant or defendants in any such civil action or the failure of any such order or judgment to foreclose or to set aside any such order or judgment shall not be asserted by the Mortgagor as a defense in any civil action instituted to collect the indebtedness secured hereby, or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Premises, any statute or rule of law at any time existing to the contrary notwithstanding.

27. **BINDING ON SUCCESSORS AND ASSIGNS.** Without expanding the liability of any guarantor contained in any instrument of Guaranty executed in connection herewith, this Mortgage and all provisions hereof shall extend and be binding upon Mortgagee and all persons claiming under or through Mortgagee, and the word "mortgagor" when used herein, shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Mortgage Note or this Mortgage. The word "mortgagee" when used herein, shall include the successors and assigns of the Mortgagee named herein and the holder or holders, from time to time, of the Mortgage Note secured hereby. Whenever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall include all genders.

28. **INSURANCE UPON FORECLOSURE.** In case of an Event of Default after foreclosure proceedings have been instituted, the proceeds of any insurance policies, if not applied in rebuilding or restoring the buildings or improvements, shall be used to pay the amount due in accordance with any decree of foreclosure and any balance not so paid as the court may direct. In the case of foreclosure of this Mortgage, the court, in its decree, may provide that the decree creditors may cause a new loss clause to be attached to each casualty insurance policy making the proceeds payable to decree creditors; and any such foreclosure decree may further provide that in case of one or more redemption under said decree, each successive redeemer may cause the proceeding loss clause attached to each casualty insurance policy to be canceled and a new loss clause to be attached thereto, all along the proceeds thereunder payable to such redeemer. In the event of foreclosure sale, Mortgagee is authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable to cause the interest of such purchaser to be protected by any of the said insurance policies.

29. **ATTORNEY'S FEES.** Mortgagee shall pay for Mortgagee's attorney's fees, costs, and expenses for negotiations, preparation of, drafting of Mortgage and other loan documents including but not limited to advice received by Mortgagee from Mortgagee's attorneys from time to time arising out of this Mortgage and other loan documents.

30. **OTHER CONTRACTS.** The Mortgagor hereby assigns to the Mortgagee as further security for the indebtedness secured hereby, the Mortgagor's interest in all agreements, contracts (including contracts for the lease or sale of the premises or any part thereof), licenses and permits affecting the premises. Such assignment shall not be construed as a consent by the Mortgagee to any agreement, contract, license or permit so assigned, or to impose upon the Mortgagee any obligations with respect thereto. The Mortgagor shall not cancel or amend any of the agreements, contracts, licenses and permits hereby assigned (nor part thereof) of the same to terminate if they are necessary or desirable for the operation of the premises) without first obtaining, on each occasion, the prior written approval of the Mortgagee. This paragraph shall not be applicable to any agreement, contract, license or permit that terminates if it is assigned without the consent of any party thereto (other than Mortgagor) or issuer thereof, unless such consent has been obtained by this Mortgagee as ratified by such party or issuer; nor shall this paragraph be construed as a present assignment of any contract, license, or permit that the Mortgagor is required by law to hold in order to operate the mortgaged premises for the purpose intended.

31. **FUTURE ADVANCES.** Upon request of Mortgagor, Mortgagee, at Mortgagee's option, so long as this Mortgage secures the indebtedness held by Mortgagee, may make future advances to Mortgagor subject to the following further conditions:

- A) All the advances must be made on or before twenty (20) years from the date of this Mortgage;
- B) That at no time shall the principal amount of the indebtedness secured by this Mortgage not including sums advanced in accordance herewith to protect the security of the Mortgage exceed (200%) of the original amount of the Mortgage Note, plus interest thereon;
- C) Such future advances with interest thereon shall be secured by this Mortgage when evidenced by Mortgage Note(s) (including that said Mortgage Note(s) are secured hereby. Such Mortgage Note(s) may be in the form of a Demand GRID Mortgage Note(s);
- D) That such subsequent advances shall have the same priority over liens, encumbrances, and other matters as advances secured by this Mortgage as of the date of this Mortgage;
- E) Such future advances constitute "Revolving Credit" as defined in Sec. 4.1 of Ch. 17 Pars. 8405 of the Ill. Rev. Stat.

IN WITNESS WHEREOF, Mortgagor has caused these presents to be signed the day and year first above written.

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MORTGAGED PROPERTY AFTER ANY DEFAULT IN OR BREACH OF ANY OF THE COVENANTS, AGREEMENTS OR PROVISIONS HEREIN CONTAINED.

(J) **Default Rate.** The term "Default Rate" shall be the prime rate plus (2 1/2%) The term prime rate means the prime commercial rate of the Mortgagee, such rate being changes from time to time as established or announced by Mortgagee. Prime does not mean the lowest interest rate offered by Mortgagee from time to time.

14. **ASSIGNMENT OF RENTS, ISSUES AND PROFITS.** Mortgagor hereby assigns and transfers to Mortgagee all the rents, issues and profits of the Premises and hereby gives to and confers upon Mortgagee the right, power, and authority to collect such rents, issues and profits. Mortgagee irrevocably appoints Mortgagee as true and lawful attorney-in-fact, at the option of Mortgagee at any time and from time to time, after the occurrence of an Event of Default and after Notice and the expiration of any applicable grace period, to demand, receive and enforce payment, to give receipts, releases and satisfaction, and to sue, in the name of Mortgagor or Mortgagee, for all such rents, issues and profits and apply the same to the indebtedness secured hereby; provided, however, that Mortgagor shall have the right to enter into leases for the Premises at rents not less than the going rate for comparable space in the same community, collect such rents, issues and profits (but not more than one month's advance, including any security deposits) prior to or at any time there is not an Event of Default under this Mortgage or the Mortgage Note. The Assignment of the rents, issues and profits of the Premises in this paragraph is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the passing of a security interest. The rents, issues and profits are hereby assigned absolutely by Mortgagor to Mortgagee the Loan Agreement or the Loan Documents

15. **COLLECTION UPON DEFAULT.** Upon any Event of Default, Mortgagee may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Premises, or any part thereof, in its own name use for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Mortgagee may determine. The collection of such rents, issues and profits, or the entering upon any taking possession of the Premises, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

16. **ASSIGNMENT OF LEASES.** Mortgagor hereby assigns and transfers to Mortgagee as additional security for the payment of the indebtedness hereby secured all present and future leases upon all or any part of the Premises and to execute and deliver, at the request of Mortgagee, all such further assignments and assignments in the Premises as Mortgagee shall from time to time reasonably require.

17. **RIGHTS AND REMEDIES ARE CUMULATIVE.** All rights and remedies herein provided are cumulative and the holder of the Mortgage Note secured hereby shall have every other obligation secured hereby may recover judgment hereon, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right afforded by this Mortgage.

18. **GIVING OF NOTICE.** Any notice or demands which either party hereto may desire or be required to give to the other party, shall be in writing and shall be hand delivered or mailed by certified mail, return receipt requested, addressed to such other party at the address, hereinabove or hereinafter set forth, or at such other address as either party hereto may, from time to time, by notice in writing, designate to the other party, as a place for service of notice. All such notices and demands which are mailed shall be effectively given two (2) business days after the date of post marking. All such notices and demands which are hand delivered shall be effectively given on the date of such delivery. In case no other address has been so designated, notices and demands hereunder shall be sent to the following address:

To Mortgagee: Affiliated Bank/North Shore National, 1737 West Howard Street
Chicago, Illinois 60626; ATTN: Mr. John Edwards

To Mortgagor: Mr. William E. Taylor
c/o National K-9 Security, Incorporated
3375 North Milwaukee Avenue, Northbrook Illinois 60062

19. **TIME IS OF THE ESSENCE.** It is specifically agreed that time is of the essence of this Mortgage. The waiver of the options or obligations secured hereby shall not at any time thereafter be held to be abandonment of such rights. Except as otherwise specifically required, notice of the exercise of any option granted to the Mortgagee hereon, or in the Mortgage Note secured hereby is not required to be given.

20. **ASSIGNMENT OF INTEREST.** The interest in this Mortgage and the proceeds of the Mortgage Note secured hereby has been assigned to Mortgagee pursuant to the terms of a Commitment letter dated 11/11/83, as amended by Mortgagee and subsequently accepted by Mortgagor, in each commitment letter and conditions of each. Such assignment is incorporated herein by reference and is a part of this Mortgage.

21. **COVENANTS TO RUN WITH THE LAND.** All the covenants hereof shall run with the land.

22. **CAPTIONS.** The captions and headings of various paragraphs are for convenience only, and are not to be construed as defining or limiting in any way the scope or intent of the provisions thereof.

23. **CONSTRUCTION.** Mortgagor does hereby acknowledge that all negotiations relating to the loan evidenced by the Mortgage Note, this Mortgage, and all other documents and instruments securing the Mortgage Note, took place in the State of Illinois. Mortgagor and Mortgagee (by making the loan evidenced by the Mortgage Note) do hereby agree that the Mortgage Note, this Mortgage and all other documents securing the Mortgage Note shall be construed and enforced according to the laws of the State of Illinois.

24. **APPLICATION OF INSURANCE PROCEEDS AND EMINENT DOMAIN AWARDS.**

(A) In the event of any such loss or damage to the Premises, as described in paragraph 1(C)(i) hereof, Mortgagor shall give immediate notice to Mortgagee, and the Mortgagee is authorized (a) to settle and adjust any claim under insurance policy(ies) which insure against such risks or (b) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid in regard to such loss. In either case, Mortgagee is authorized to collect and receipt for any such money and Mortgagee is authorized to execute the proceeds of loss on behalf of the mortgagor, the insurance proceeds after deducting therefrom any expenses incurred in the collection thereof (including the fees of an adjuster) may at the option of the Mortgagee be applied as follows: (i) as a credit upon any portion of the indebtedness secured hereby; or (ii) to reimburse Mortgagor for repairing or restoring the improvements, provided that Mortgagor complies with each of the provisions specified in paragraph 24(B)(i) through 24(B)(iii) hereof, in which event the Mortgagee shall not be obliged to see to the proper application thereof nor shall the amount so released or used for restoration be deemed a payment on the indebtedness secured hereby.

(B) In the event that Mortgagee elects to make the proceeds of insurance available for the restoration of the improvements so damaged, no disbursement thereof shall occur unless Mortgagor is in compliance with each of the following conditions:

(i) No Event of Default shall then exist under any of the terms, covenants and conditions of the Mortgage Note, this Mortgage, the Loan Agreement or any of the Loan Documents;

(ii) Mortgagee shall first be given satisfactory proof that such improvements have been fully restored or that by the expenditure of the proceeds of insurance, and any sums deposited by Mortgagor pursuant to the terms of subparagraph (iii) hereof, will be fully restored, free and clear of mechanic's and materialmen's liens, except for liens for which adequate provisions is made pursuant to paragraph 1(D) hereof, within six (6) months from the date of such loss or damage;

(iii) In the event such proceeds shall be insufficient to restore the improvements, Mortgagor shall deposit promptly with Mortgagee funds which, together with the insurance proceeds, would be sufficient to restore the improvements.

(C) The excess of the insurance proceeds above the amount necessary to complete any necessary restoration shall, after completion of the repair and restoration, be applied as a credit upon any portion, as selected by Mortgagee, of the indebtedness secured hereby, but the funds released by Mortgagee for restoration shall in no event be deemed a payment of the indebtedness secured hereby.

(D) In the event Mortgagee shall elect to permit the Mortgagor to use such proceeds for the restoring of the improvements or in the event Mortgagee shall elect to permit Mortgagor to use such proceeds for the restoring of the improvements, such proceeds shall be made available, from time to time, upon Mortgagee being furnished with satisfactory evidence of the estimated cost of such restoration and with architect's estimates, partial or final waivers of lien, as the case may be, contractors' sworn statements, and if the estimated cost of the work exceeds ten (10%) percent of the original principal amount of the indebtedness secured hereby, with all plans and specifications for such rebuilding or restoration as Mortgagee may reasonably require and approve. No payment made prior to the final completion of the work shall exceed ninety (90%) percent of the value of the work performed, from time to time, and at all times the unexpended balance of said proceeds remaining in the hands of the Mortgagee shall be at least sufficient to pay for the cost of the completion of the work, free and clear of any liens, in the event of foreclosure of this Mortgage, or other transfer of title to the Premises in satisfaction of the indebtedness secured hereby, at right, title, and interest of the Mortgagee, in and to any insurance policies then in

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RIDER TO MORTGAGE

ATTACHED TO AND MADE PART OF THAT CERTAIN MORTGAGE, ASSIGNMENT OF LEASES & SECURITY AGREEMENT DATED JUNE 27, 1991 BY WILLIAM E. TAYLOR ("MORTGAGOR") IN FAVOR OF AFFILIATED BANK, AN ILLINOIS BANKING CORPORATION ("MORTGAGEE").

WITNESS

WHEREAS, National K-9 Security Incorporated, an Illinois corporation ("Borrower"), is indebted to Mortgagee in the original principal amount of \$510,000.00 pursuant to that certain Construction Loan and Security Agreement of even date herewith ("Loan Agreement") between Borrower, Mortgagor and Mortgagee; together with interest thereon as set forth in that promissory note ("Note") evidencing said indebtedness in the face amount of \$510,000.00 executed by Borrower in favor of Mortgagee of even date herewith, a copy of which Note is attached hereto as Exhibit 1 and made part hereof.

WHEREAS, as a condition to making the loan to Borrower, Mortgagee has required that Mortgagor hypothecate and mortgage the "Premises" (as hereinafter defined) to Mortgagee and Mortgagor has executed, acknowledged and delivered this mortgage to Mortgagee for the purpose of securing (i) payment of the sum of \$510,000.00 with interest thereon, together with costs and attorneys' fees according to the terms of the Note and all replacements, substitutions, extensions or renewals thereof; (ii) performance, payment and observance by Borrower and Mortgagor of each agreement, term, provision and condition in the Loan Agreement and the "Loan Documents" defined therein; and (iii) the performance of all obligations and the payment of all sums required to be made by Mortgagor pursuant to the terms hereof.

MORTGAGOR:


William E. Taylor

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INDIVIDUAL MORTGAGOR

William E. Taylor
Mortgagor: William E. Taylor

STATE OF ILLINOIS

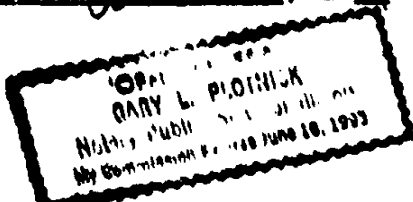
COUNTY OF

I, Gary L. Plotnick, a Notary Public in and for said County in the State aforesaid, do hereby certify that William E. Taylor personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument as a free and voluntary act for the uses and purposes therein set forth.

*divorced and not since remarried

Given under my hand and notarial seal this 28th day of

July, 1991.



My Commission Expires:

Gary L. Plotnick
Notary Public

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Property of Cook County Clerk

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Submitted by _____
 Address _____
 P _____
 D _____
 Address _____
 Notified _____
 3977532 M/SCHALL

PROPERTY OF THE CLERK OF COOK COUNTY

S-1230867