



Established 1856

DEKALB MUNICIPAL BUILDING

200 South Fourth Street
DeKalb, Illinois 60115
www.cityofdekalb.com
(815) 748-2000

CITY CLERK FILES:

Number: Res 11-09

Date: 2/14/11

June 20, 2012

Mr. Ronald Leach, President
Alloyd/Sonoco Corporation
1401 Pleasant Street
DeKalb, IL 60115

Re: 2011 Development Agreement

Dear Ron,

I am writing today in regards to the development agreement dated February 15, 2011, between Tegrant Alloyd Brands and the City of DeKalb for financial assistance in an amount not to exceed \$53,400 for the installation of a passenger elevator at the property located at 1401 Pleasant Street. Under that agreement, the City's obligations were conditioned upon the maintenance of a certain number of employees, and certain other required conditions. The City understands that, for a variety of operational reasons, you have been unable to adhere to those conditions, and accordingly, please consider this to be your notice that the City will not be completing the balance of the agreement.

Please don't hesitate to contact me with questions or concerns at 815.748.2365 or jdiedrich@cityofdekalb.com.

Sincerely,

Jennifer Diedrich
Economic Development Coordinator

Enc.
Cc: Biernacki
Frieders
Harris
Hopkins

ED062-12

CITY MANAGER'S
OFFICE
P: (815) 748-2090
F: (815) 748-2091

FINANCE
DIVISION
P: (815) 748-2080
F: (815) 748-2304

HUMAN RESOURCES
DIVISION
P: (815) 748-2094
F: (815) 748-2056

INFORMATION & TECHNOLOGY
DIVISION
P: (815) 748-2090
F: (815) 748-2024

ECONOMIC DEVELOPMENT
DIVISION
P: (815) 748-2365
F: (815) 748-2359

RESOLUTION 11- 09 Passed February 14, 2011

AUTHORIZING THE MAYOR OF THE CITY OF DEKALB, ILLINOIS TO SIGN A DEVELOPMENT AGREEMENT WITH TEGRANT ALLOYD BRANDS, INC. REGARDING PROPERTY LOCATED AT 1401 PLEASANT STREET, DEKALB, ILLINOIS.

WHEREAS, Tegrant Alloyd Brands, Inc., owns certain property located at 1401 Pleasant Street, DeKalb, Illinois; and,

WHEREAS, Tegrant Alloyd Brands, Inc., is desirous of renovating a portion of the building to house existing/new employees and has requested financial assistance from the City of DeKalb; and,

WHEREAS, the Tegrant Alloyd Brands, Inc., is located within the Central Area TIF District, and the use of TIF funds to assist in the renovation of their property located at 1401 Pleasant Street is a good and proper use of such TIF funds by the City; and

WHEREAS, the City finds that the redevelopment of the Tegrant Alloyd Brands, Inc. property will stimulate the local economic and commercial activity within the City through the 20 new employees they are proposing to hire, enhance and broaden the local tax base by increasing local property tax and retailers' occupation tax payable to the City, and otherwise generally improve the economic vitality of the City; now

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL of the City of DeKalb, Illinois, as follows:

Section 1. The Mayor of the City of DeKalb is authorized and directed to execute a Development Agreement with Tegrant Alloyd Brands, Inc., pertaining to their property located at 1401 Pleasant Street, DeKalb, Illinois, a copy of which is attached hereto and made a part hereof as Exhibit "A".

Section 2. The City Clerk of the City of DeKalb, Illinois, is authorized and directed to attest to the Mayor's signature, and to record said Agreement with the DeKalb County Recorder.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois at a regular meeting thereof held on the 14th day of February, 2011 and approved by me as Mayor on the same day. Passed, as amended, by roll call vote: 6-1. Aye: Simpson, Teresinski, Gallagher, Naylor, Baker, Kammes. Nay: Verbic.

ATTEST:


STEVEN C. KAPITAN, City Clerk




KRIS POVLSSEN, Mayor

EXHIBIT A

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made this 15th day of February, 2011, by and between the **City of DeKalb**, Illinois, an Illinois Municipal Corporation (hereinafter referred to as "the City") and **Tegant Alloyd Brands, Inc.**, a Delaware Corporation, (hereinafter referred to as "Owner"), for financial assistance to install a passenger elevator at property located at 1401 Pleasant Street, DeKalb, Illinois.

Recitals

WHEREAS, the City has implemented a Tax Increment Redevelopment Plan (hereinafter referred to as "the Plan") pursuant to the State of Illinois Tax Increment Allocation Redevelopment Act of the Illinois State Statutes (hereinafter referred to as "TIF"); and,

WHEREAS, the stated purposes of the Plan include the elimination of blight, the redevelopment of distressed property, the enhancement of the real estate and retail sales tax base for the City and all other taxing bodies which extend into the TIF area, as well as job training assistance to employers; and,

WHEREAS, the Owner's property at 1401 Pleasant Street is located entirely within a TIF district adopted by the City of DeKalb; and,

WHEREAS, in 2007 the Owner began Phase I of a two phase redevelopment project on former manufacturing space on the second floor of their building located at 1401 Pleasant Street, DeKalb, to accommodate their recent and future growth, which project was put on hold in 2008 due to the economy; and,

WHEREAS, the Owner resumed Phase I of the redevelopment project in 2010; however, an unforeseen accessibility code requirement for the installation of a passenger elevator has once again halted the project. Installation of a passenger elevator is a \$92,600 expenditure that Owner had not planned for; and,

WHEREAS, the Owner is a well established, existing company seeking to expand its operations within the City by renovating existing manufacturing space within their property

located at 1401 Pleasant Street, DeKalb, legally described in Exhibit "A," attached hereto and made a part hereof, of approximately 5,670 square feet and by adding approximately ten (10) new jobs to its existing work force; and,

WHEREAS, the Owner has requested financial assistance from the City in an amount not to exceed Fifty Three Thousand Four Hundred and no/100 Dollars (\$53,400.00) to install the elevator and bring the building into compliance with current building and accessibility codes; and,

WHEREAS, the City has approved granting said financial assistance in the stated amount to Owner for the purposes noted herein and under the terms and conditions described below:

NOW THEREFORE, in consideration of the mutual covenants and agreement obtained herein, the CITY and the OWNER do hereby agree as follows:

1. That the above and foregoing Recitals are adopted as though fully set forth herein.
2. That the CITY and OWNER agree that the scope of "IMPROVEMENTS" shall relate solely to the Phase One redevelopments, which include the purchase and installation of a passenger elevator. The CITY shall share in the costs for the proposed elevator "IMPROVEMENTS" to the subject property of the OWNER, in an amount not to exceed \$53,400.00 and the City shall reimburse the OWNER for said amount upon submittal of proof of an equivalent amount paid for work on the subject property and final waivers of lien, as hereinafter set forth. The funding paid, provided, waived and/or forgiven by the City to the Owner shall be considered a Forgivable Loan, subject to the following terms:
 - A. That OWNER agrees to construct, install, or cause to be constructed or installed, all "IMPROVEMENTS" set forth within the accompanying application materials, descriptions and drawings as defined in Exhibit "B." The OWNER agrees that all "IMPROVEMENTS" shall be completed by December 31, 2011. All "IMPROVEMENTS" shall be completed in such a manner as to comply with all conditions of approval of this Agreement, and in accordance with all pertinent regulations, ordinances, or codes of the City of DeKalb or other authority having jurisdiction over subject property. The Owner shall invest a minimum of \$351,100.00 in the project, and shall supply the City with proof of the monies spent by appropriate documentation and in an affidavit, further defined in Exhibit "C," and;
 - B. That, upon submittal of appropriate receipts paid, any necessary final lien waivers, certified payroll records of contractors, and verification that the project "IMPROVEMENTS" have been completed as proposed in an amount of at least the value stated in Paragraph 2A, above, and the number and type of employees referenced in Paragraph 2J have been hired at the minimum salary amount set forth in Exhibit "B," the CITY shall reimburse the actual costs of the elevator "IMPROVEMENTS", said payment not to exceed \$53,400.00, and the CITY shall have up to twenty (20) days to disburse such amounts upon receipt of all necessary documentation, subject to standard CITY policies and procedures;

C. That all payments or disbursements made by the CITY shall be considered reimbursements for work completed and paid for by the OWNER, subject to the other terms and conditions set forth herein, and within the Program Guidelines and standard CITY policies;

D. That any outstanding code violations of the property to which the "IMPROVEMENTS" were made, must be repaired prior to the CITY releasing funds for reimbursement. OWNER agrees and acknowledges that a portion of this project is being paid for with public funds. As a result, OWNER and any and all of its contractors shall supply the CITY with copies of all certified payroll records for all in-house and contracted work on the project, within three (3) days of demand by CITY, so as to enable CITY to properly respond to any request for such records, made pursuant to the Freedom of Information Act, 5 ILCS 140/1 *et seq.* Notwithstanding any other provisions of this Agreement, the CITY shall make no payments to any person, firm, or corporation who is a debtor to the City of DeKalb, as defined in Chapter 54, Section 54.15, Purchasing and Letting of Contracts, Subsection g;

E. OWNER agrees to maintain all "IMPROVEMENTS" for a period of five (5) years from the date of reimbursement by the CITY.

F. OWNER agrees that any changes to the "IMPROVEMENTS", as outlined above which would require the issuance of a building permit by the City of DeKalb, shall only be made after approval by the City Manager, or designee thereof, who may refer the proposed changes to the City Council of the CITY for final approval. Such approval shall not be unreasonably withheld if the proposed changes do not substantially alter the original design concept of the appearance of the subject property as specified in the plans, design drawings and specifications approved pursuant to this Agreement;

G. That in the case of conflicting codes, ordinances, rules, regulations or guidelines, the City Council of the CITY shall make a ruling, and that ruling shall be final;

H. Nothing herein is intended to limit, restrict or prohibit the OWNER from undertaking any other work in or about the subject property, which is unrelated to the architectural "IMPROVEMENTS" provided for in this Agreement;

I. The OWNER agrees that it shall maintain its business operations and ownership rights in the property for a period of five (5) years from the date of reimbursement for work completed as provided herein. OWNER and CITY agree during the term of this Agreement that, so long as the current business activity continues to operate in substantially the same fashion and scope (including, but not limited to, the number of employees as set forth and required under this Agreement), the OWNER'S action in selling, transferring or assigning its ownership interests in the business or subject property shall not constitute a breach of this Agreement. This Agreement shall be binding upon and inure to the benefit of the CITY and the OWNER, and their heirs, transferees and assignees for a period of five (5) years from the date of reimbursement for work completed as provided herein. Owner agrees that during the term of this Agreement that it shall not sell, transfer or assign its ownership interests in the business or subject property unless the successor-in-interest remains bound by the terms of this Agreement.

J. The OWNER shall create ten (10) new full-time permanent positions by July 1, 2012 pursuant to the Project Summary in Exhibit "B". The OWNER shall maintain these positions, as well as the 348 current full-time job positions in existence at the subject property at the time of this Agreement, for a period of five (5) years from the date of reimbursement for work completed. The OWNER shall supply the City with proof of the number and type of such positions and the starting and average wages of such positions each year in an affidavit, further defined in Exhibit "C," on or about a date thirty (30) days prior to the first annual anniversary of the first date of reimbursement for work completed, and continuing for a period of five (5) years from the date of reimbursement for work completed.

3. At or prior to the date of reimbursement for the work completed, as referenced in Paragraph 2B above, the OWNER shall execute or cause to be executed a Note in the amount of said reimbursement for work completed plus the costs of recording, in no event to exceed \$53,400.00. The Note shall be secured by a Mortgage on the subject property and OWNER shall execute or cause to be executed each Mortgage. The Mortgage shall be recorded with the DeKalb County Recorder of Deeds at OWNER'S cost. The Note shall be in substantial conformance with Exhibit "D" and each Mortgage shall be in substantial conformance with Exhibit "E," attached hereto and made a part hereof.

4. If the OWNER fails to complete or cause the completion of the work subject to the terms of this Agreement or fails to comply with any other terms of this Agreement, then upon written notice being given by the City Manager to the OWNER, served in person or by certified mail to the address on this Agreement above, this Agreement shall be terminated and the financial obligation on the part of the CITY shall cease and become null and void and OWNER agrees that the reimbursement paid to OWNER shall be subject to repayment pursuant to the Note and Mortgage.

5. If the OWNER removes or fails to maintain all "IMPROVEMENTS" for which reimbursement by CITY is provided under the terms of this Agreement, then upon written notice being given by the City Manager to the OWNER, served in person or by certified mail to the address on this Agreement above, the OWNER agrees that the reimbursement paid to OWNER shall be subject to repayment pursuant to the Note and Mortgage.

6. If the OWNER fails to maintain its business operation in substantially the same fashion and scope as exists as of the date of this Agreement, pursuant to paragraph 2I or fails to hire and/or maintain the required number of employees, pursuant to paragraph 2J, the OWNER agrees that the reimbursement paid to OWNER shall be subject to repayment pursuant to the Note and Mortgage.

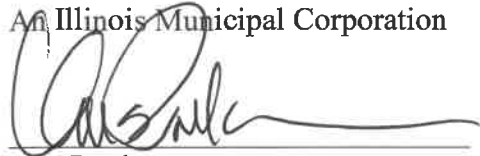
7. Upon default of this Agreement by either party, other than default in the obligations as described in Paragraphs 2A, 2I and 2J, above, the OWNER and/or the CITY shall have any and all remedies available at law.

8. In the event that any action, in law or in equity, is filed to construe and/or enforce the terms, rights and obligations as stated in this Agreement, any costs and attorney's fees shall be borne by the respective parties. Venue for any such action shall lie in the Sixteenth Judicial

Circuit Court in DeKalb County, Illinois.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the date so shown at the beginning.

CITY OF DEKALB, ILLINOIS,
An Illinois Municipal Corporation



Kris Povlsen
Mayor

TEGRANT ALLOYD BRANDS, INC.,
A Delaware Corporation



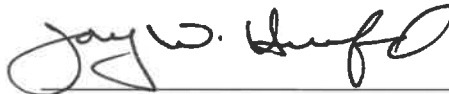
William M. Kelly
President

ATTEST:



Steven C. Kapitan
City Clerk

ATTEST:



Jay W. Hereford
Secretary



STATE OF ILLINOIS }
COUNTY OF DEKALB } SS

I, Cindy S. Kyler, a Notary Public in and for the County of DeKalb, in the State of Illinois, do hereby certify that William M. Kelly, personally known to me to be the President of Tegrant Alloyd Brands, Inc. and same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledge that he/she/their signed, sealed and delivered the said instrument as his/her/their free and voluntary act, for the uses and purposes therein set-forth, including the release and waiver of the right of homestead.

Given under my hand and notary seal, given this 11th day of February

2011,

Cindy S. Kyler
Notary Public



STATE OF ILLINOIS }
COUNTY OF DEKALB } SS

I, Cindy S. Kyler, a Notary Public in and for the County of DeKalb, in the State of Illinois, do hereby certify that Jay W. Hereford, personally known to me to be the Secretary of Tegrant Alloyd Brands, Inc. and the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledge that he/she/their signed, sealed and delivered the said instrument as his/her/their free and voluntary act, for the uses and purposes therein set-forth, including the release and waiver of the right of homestead.

Given under my hand and notary seal, given this 11th day of February

2011,

Cindy S. Kyler
Notary Public



EXHIBIT "A"
LEGAL DESCRIPTION

Parcel II

Parcels A, B, and C of North Subdivision of American Steel and Wire Company, according to the plat thereof recorded in the Recorder's Office of DeKalb County, Illinois on June 13th, 1913 as Document No. 55459 in Plat Book "D", Page 51, all situated and being in the County of DeKalb and the State of Illinois; EXCEPTING THEREFROM THE FOLLOWING:

A part of Parcel A of the North Subdivision of American Steel and Wire Company in accordance with the plat thereof recorded in Book "D" of Plats, Page 51, as Document No. 55459 in the DeKalb County Recorder's Office, more particularly described as follows: Beginning at the Northwest corner of said parcel A, which point is also the point of intersection of the South line of Lewis Street and the East line of Fourteenth Street; thence Easterly along the South line of Lewis Street, a distance of 402.10 feet to a point; thence Southerly parallel to the said Easterly line of Fourteenth Street, a distance of 325.0 feet; thence Westerly parallel to the said Southerly line of Lewis Street, a distance of 402.10 to a point on the said Easterly line of Fourteenth Street; thence Northerly along the Easterly line of Fourteenth Street, a distance of 325.0 feet to the place of beginning, situated in DeKalb County, Illinois.

EXHIBIT "B"
PROJECT SUMMARY AND COSTS

Type of Position	Annual Wage	Hourly Wage	# Hired
Semi Skilled	\$25,000	\$12	
Semi Skilled	\$25,000	\$12	
Semi Skilled	\$25,000	\$12	
Semi Skilled	\$25,000	\$12	
Semi Skilled	\$25,000	\$12	
Professional	\$42,000	\$20	
Professional	\$42,000	\$20	
Professional	\$42,000	\$20	
Professional	\$42,000	\$20	
Professional	\$42,000	\$20	

Total Project Costs	Phase 1 2011	Elevator 2011	Phase 1 Total
Initial Building Costs:	0		0
Land costs: N/A	0		0
Construction Cost:	219,000	58,000	277,000
Mach. & Equip. Costs:		58,500	58,500
Working Cap.Exp. N/A	0		0
Other Costs:	0	15,600	15,600
Total:	\$219,000	\$132,100	351,100

EXHIBIT "C"
PROJECT INVESTMENT AND EMPLOYMENT AFFIDAVIT
AFFIDAVIT OF TEGRANT ALLOYD BRANDS, INC.

Affiant, _____, being first duly sworn and upon oath, states as follows:

1. I am of legal age and under no legal disabilities.
2. If called upon, I could competently and truthfully testify to the facts stated herein.
3. I am the Chief Financial Officer of Tegrant Alloyd Brands, Inc.
4. I am submitting this affidavit per the requirements of Paragraphs 2A and 2J in the development agreement between Tegrant Alloyd Brands, Inc. and the City of DeKalb, dated February 15, 2011.
5. As of December 31, 2011, Tegrant Alloyd Brands, Inc. completed the 5,670 square foot, 2nd floor renovation of its existing building located at 1401 Pleasant Street and the renovation has been in occupied since _____.
6. As of December 31, 2011, Tegrant Alloyd Brands, Inc. has invested at least Three Hundred Fifty One Thousand One Hundred and No/100 Dollars (\$351,100.00) in the costs for the renovation during Phase I of the project.
7. As of July 1, 2012, Tegrant Alloyd Brands, Inc. has created ten (10) new, full-time permanent positions since the completion of the renovation, as follows:

Type of Position	Annual Wage	Hourly Wage	# Hired
Semi Skilled	\$25,000	\$12	
Semi Skilled	\$25,000	\$12	
Semi Skilled	\$25,000	\$12	
Semi Skilled	\$25,000	\$12	
Semi Skilled	\$25,000	\$12	
Professional	\$42,000	\$20	
Professional	\$42,000	\$20	
Professional	\$42,000	\$20	
Professional	\$42,000	\$20	
Professional	\$42,000	\$20	

8. As of _____, 20__ , Tegrant Alloyd Brands, Inc. has maintained 348 full time job positions hired prior to the renovation of the facility located at 1401 Pleasant Street, DeKalb, IL.

AFFIANT FURTHER SAYETH NAUGHT.

Chief Financial Officer
Tegrant Alloyd Brands, Inc.

Subscribed and sworn to before me this _____ day of _____, 201_.

Notary Public

EXHIBIT "D"

**PROMISSORY NOTE
CITY OF DEKALB, ILLINOIS**

JULY _____, 2012

\$53,400.00

FOR VALUE RECEIVED, Tegrant Alloyd Brands, Inc. (the "Owner"), as owners of the real property located at 1401 Pleasant Street, DeKalb, Illinois (the "Property"), out of that portion of the real estate mortgaged to secure the payment hereof, TO PAY TO THE ORDER OF the CITY OF DEKALB, or BEARER in the manner hereinafter and in said Mortgage provided, the balance of the principal sum of Fifty Three Thousand Four Hundred and No/100 Dollars (\$53,400.00). The balance of the principal sum owed the BEARER shall be reduced by one-fifth (1/5) of the original principal sum on the annual anniversary of the date of this Note, such that the balance of the principal sum for this Note shall equal Zero Dollars and No Cents (\$0.00) on the **fifth anniversary** of the date of this Note.

The payment of the balance of the principal sum is to be made at the principal offices of the City of DeKalb, Illinois.

The payment of this Note is secured by a Mortgage, bearing even date herewith, to CITY OF DEKALB, on real estate in the City of DeKalb, DeKalb County, Illinois. The Note and the Mortgage are established under the terms of that certain Development Agreement, dated as of February 15, 2011, by and between the City of DeKalb and the Owner (the "Development Agreement"). It is agreed that at the election of the holder or holders hereof and without notice, the principal sum remaining unpaid hereon shall become at once due and payable at the place of payment aforesaid in case of default in the payment of principal or interest when due in accordance with the terms hereof or in case at any time hereafter the right to foreclose said Mortgage shall accrue to the legal holders hereof under any of the provisions contained in said Mortgage. All costs and expenses of collection, including reasonable attorneys' fees, shall become additional indebtedness secured by said Mortgage.

If, prior to the **fifth anniversary** of the date of this Note, the current business activity fails to be operated on the Property by Tegrant Alloyd Brands, Inc, an affiliate or a subsequent owner as authorized under Section 2.I. of the Development Agreement in substantially the same fashion and scope (including, but not limited to, the number of employees as set forth and required under the Development Agreement) all or any part of the property or any interest in it is sold or transferred to an unaffiliated party (or if beneficial interest in undersigned is sold or transferred and undersigned is not a natural person) or the property ceases to be the primary business

location of undersigned, without prior written consent of the City of DeKalb, or if the property owner fails to comply with any provision in the Development Agreement (with the exception of the Exhibits "D" and "E"), attached here to as Exhibit "1", the City of DeKalb may, at its option, require immediate payment in full of all sums secured by said Mortgage. City of DeKalb may elect to declare default and may elect to abate all collection and cancel said Promissory Note in the event of involuntary transfer or conveyance. Involuntary transfer shall mean a transfer, assignment or conveyance arising by death, bankruptcy, act of God or operation of law, in which this obligation shall become the liability of the heirs, devisees, or assignees to which the property has been involuntarily transferred. All parties hereto severally waive presentment for payment, notice of dishonor, protest and notice of protest.

William M. Kelly
President

STATE OF ILLINOIS)
) SS
COUNTY OF DEKALB)

I, _____, a Notary Public in and for the County of DeKalb, in the State of Illinois, do hereby certify that William M. Kelly, personally known to me to be the President of Tegrant Alloyd Brands, Inc. and the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledge that he/she/their signed, sealed and delivered the said instrument as his/her/their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and notary seal, given this _____ day of _____
_____ 20____.

Notary Public

ATTEST:

Jay W. Hereford
Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF DEKALB)

I, _____, a Notary Public in and for the County of DeKalb, in the State of Illinois, do hereby certify that Jay W. Hereford, personally known to me to be the Secretary of Tegrant Alloyd Brands, Inc. and the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledge that he/she/their signed, sealed and delivered the said instrument as his/her/their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and notary seal, given this _____ day of _____
_____ 20____.

Notary Public

EXHIBIT "E"

Prepared by and
Return to:
City of DeKalb
Planning & ED
Department
223 South Fourth Street
DeKalb, IL 60115

MORTGAGE

THIS MORTGAGE is made on this ____th day of July, 2012. The mortgagor is Tegrant Alloyd Brands, Inc., ("Borrower"). This Security Instrument is given to the CITY OF DEKALB, Illinois, a municipal corporation, and whose address is 200 South Fourth Street, DeKalb, Illinois ("Lender"). Borrower owes Lender the principal sum of Fifty Three Thousand Four Hundred and No/100 Dollars (\$53,400.00), which will otherwise be considered a grant from the Lender to the Borrower if Borrower complies with all the conditions contained in Borrower's Note attached hereto as exhibit "A" dated the same date as this Security Instrument ("Mortgage") and with all the conditions stated in the Development Agreement dated February 15, 2011.

If Borrower fails to comply with the conditions in the Note, then the principal sum above shall be paid within thirty (30) days of the Borrower conveyance or transfer occurs within the time limits indicated in the Note.

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note; and (b) the performance of the Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following legally described property located in DeKalb, Illinois:

Legal Description:

Parcel II

Parcels A, B, and C of North Subdivision of American Steel and Wire Company, according to the plat thereof recorded in the Recorder's Office of DeKalb County, Illinois on June 13th, 1913 as Document No. 55459 in Plat Book "D", Page 51, all situated and being in the County of DeKalb and the State of Illinois; EXCEPTING THEREFROM THE FOLLOWING:

A part of Parcel A of the North Subdivision of American Steel and Wire Company in accordance with the plat thereof recorded in Book "D" of Plats, Page 51, as Document No. 55459 in the DeKalb County Recorder's Office, more particularly described as follows: Beginning at the Northwest corner of said parcel A, which point is also the point of intersection of the South line of Lewis Street and the East line of Fourteenth Street; thence Easterly along the South line of Lewis Street, a distance of 402.10 feet to a point; thence Southerly parallel to the said Easterly line of Fourteenth Street, a distance of 325.0 feet; thence Westerly parallel to the said Southerly line of Lewis Street, a distance of 402.10 to a point on the said Easterly line of Fourteenth Street; thence Northerly along the Easterly line of Fourteenth Street, a distance of 325.0 feet to the place of beginning, situated in DeKalb County, Illinois.

Commonly known as: 1401 Pleasant Street, DeKalb, Illinois 60115
PIN: 0823231003

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

It is expressly understood by the Borrower, who is the maker of the Note and who is the applicant under the City of DeKalb Economic Development Loan Program, that upon compliance by the Borrower with the terms and conditions of the Note and upon payment in full of said Note (if required under conditions in the Note), the Note together with this Mortgage shall be released.

If all or part of the property or any interest therein is sold or transferred to an unaffiliated party without the City of DeKalb's prior written consent, the Lender may, at its option, require immediate payment in full of all sums secured by this Mortgage. If the Lender exercises this option, the Lender shall give the Borrower notice of such action. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which the Borrower must pay all sums secured by this Mortgage. If Borrower fails to pay these sums before the expiration of this period, the Lender will invoke all remedies permitted by this Mortgage without further notice or demand on Borrower.

If default is made in the payment of said Note secured by this Mortgage or the conditions above-mentioned, the Lender may enter into or upon and take possession of the premises hereby granted, or any part thereof, and may collect rents, issues and profits thereof, and in its own name or otherwise, may file a complaint against the Borrower, his/her/their/its heirs, executors, administrators and assigns, to obtain a decree of foreclosures and for the sale and conveyance of the whole or any part of said premises for the purposes herein specified, by said Lender, under order of court, and out of the proceeds of any such sale shall first pay the costs of such suit, all costs of advertising sale and conveyance, including reasonable attorney's fees.

Any notice to Borrower provided for in this Mortgage shall be given by delivering it or by mailing it by certified mail unless applicable law requires use of another method. The notice shall be directed to the property address or any other address Borrower designates by notice to the Lender. Any notice to the Lender shall be given by certified mail to the Planning and Development Department, 223 South Fourth Street, City of DeKalb, Illinois, 60115, or any other address the Lender designates by notice to the Borrower. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or the Lender when given as provided for in this paragraph.

In witness whereof, the Borrower has executed this Mortgage on the day and year first above written.

William M. Kelly
President

STATE OF ILLINOIS)
) SS
COUNTY OF DEKALB)

I, _____, a Notary Public in and for the County of DeKalb, in the State of Illinois, do hereby certify that William M. Kelly, personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledge that he/she/their signed, sealed and delivered the said instrument as his/her/their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and notary seal, given this _____ day of _____
_____ 20 ____.

Notary Public

ATTEST:

Jay W. Hereford
Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF DEKALB)

I, _____, a Notary Public in and for the County of DeKalb, in the State of Illinois, do hereby certify that Jay W. Hereford, personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledge that he/she/their signed, sealed and delivered the said instrument as his/her/their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and notary seal, given this _____ day of _____
_____ 20_____.

Notary Public