

# UNOFFICIAL COPY

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Cook County Recorder 79.50

PREPARED BY AND  
MAIL TO:

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Heinrich & Kramer, P.C.  
205 W. Randolph, Suite 1750  
Chicago, IL 60606



Loan No.: \_\_\_\_\_

SPACE ABOVE THIS LINE FOR RECORDER'S USE

## MORTGAGE

**THIS MORTGAGE** (the "Mortgage"), made as of the 12th day of December, 2000, between, **FAMILY SQUARE L.L.C.**, an Illinois limited liability company ("Borrower"), as mortgagor, whose address is c/o Marc Realty, 40 North Wells Street, Chicago, IL 60606 and **ST. FRANCIS BANK, F.S.B.**, a federal savings bank, ("Lender") as mortgagee whose address is 13400 Bishops Lane, Suite 190, Brookfield, WI 53005.

### WITNESSETH:

**WHEREAS**, Borrower has on this date executed the Note and the other Loan Documents, which evidence the Loan; and

**WHEREAS**, the Borrower desires to grant a mortgage to Lender to secure performance by Borrower of all of the terms, covenants and conditions set forth in the Loan Documents.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower hereby agrees as follows:

## ARTICLE I

### DEFINITIONS

1.01 Definition of Terms. As used in this Mortgage:

- (a) Event of Default: shall have the same meaning assigned to such term in Article V hereof.
- (b) Insured Casualty: shall mean any insured damage to or destruction of the Property or any part thereof.
- (c) Loan: shall mean the loan from Lender to Borrower evidenced by the Loan Documents.

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[Signature]

(d) **Loan Documents:** shall have the same meaning assigned to such term under the Note.

(e) **Note:** shall mean that certain adjustable rate note of even date naming Borrower as maker and Lender as payee, with an original principal balance of **\$8,000,000.00**, and providing for a final payment of all sums due thereunder, if not sooner paid, on **January 31, 2011**.

(f) **Permitted Exceptions:** those exceptions to title to the Real Property set forth on Exhibit B attached hereto and made a part hereof.

(g) **Property:** shall mean the Real Property together with all of the other property described in Article II hereof.

(h) **Real Property:** shall mean the land described in Exhibit A attached hereto and made a part hereof, together with any and all easements, rights-of-way, licenses, hereditaments, rights and privileges and appurtenances thereto, together with any and all other land which may at any time hereafter be conveyed by Borrower to Lender as security for the Note or the other Loan Documents.

1.02 **Other Terms.** As used in this Mortgage, all terms capitalized herein, defined in the Note and not otherwise defined herein shall have the same meanings as set forth in the definitions contained in the Note.

**ARTICLE II**

**GRANTING CLAUSE**

To secure the performance of all covenants and agreements contained in this Mortgage and in the Loan Documents and to secure payment of the principal amount of Eight Million Dollars (\$8,000,000.00) together with all fees, charges, interest and other amounts that may come due under the Loan Documents, Borrower by these presents does hereby mortgage, grant, convey and assign to Lender, its successors and assigns, forever, all and singular its entire estate and interest in the following described property, to-wit:

2.01 **Real Property.** The Real Property.

2.02 **Highways and Thoroughfares.** All right, title and interest of Borrower, if any, now or at any time hereafter existing, in and to all highways, roads, streets, alleys and other public thoroughfares, bordering on or adjacent to the Real Property, together with all right, title and interest of Borrower to the land making up such highways, roads, streets, alleys and other public thoroughfares and all heretofore or hereafter vacated highways, roads, streets, alleys, and public thoroughfares adjoining or within the Real Property or any part thereof.

2.03 **Buildings.** All buildings, structures, improvements, plants, works and fixtures now or at any time hereafter located on any portion of the Real Property and, without any further act, all extensions, additions, betterments, substitutions and replacements thereof.

2.04 Fixtures, Equipment. All right, title and interest of Borrower in and to all fixtures, furniture, furnishings, equipment, machinery, appliances, apparatus and other property of every kind and description now or at any time hereafter installed or located on or used or usable in connection with the Real Property or the buildings and improvements situated thereon, whether such right, title or interest in such items of property is now owned or hereafter acquired by Borrower, including, but not limited to, all accessories, toilets, cabinets, paneling, rugs, attached floor coverings, antennas, all lighting, heating, cooling, ventilating, air conditioning, humidifying, dehumidifying, plumbing, sprinkling, incinerating, refrigerating, air-cooling, lifting, fire extinguishing, cleaning, communicating and electrical systems, and the machinery, appliances, fixtures and equipment pertaining thereto, all switchboards, engines, motors, tanks, pumps, partitions, conduits, ducts, compressors, elevators and escalators, boilers, incinerators and the machinery, appliances, fixtures and equipment pertaining thereto, all of which fixtures, furnishings, furniture, equipment, machinery and other property shall be deemed to be part of the Real Property. It is the intention hereof that all property of the kind and character described in this Section 2.04 which Borrower now owns, and all of such property which it may hereafter acquire, shall be subject to the lien and security interest of this Mortgage with like effect as if now owned by Borrower and as if covered and conveyed hereby by specific and apt descriptions.

2.05 Intangible Rights, Rents. All rights, privileges, permits, licenses, easements, consents, tenements, hereditaments and appurtenances now or at any time hereafter belonging to or in any way appertaining to the Real Property or to any property now or at any time hereafter comprising a part of the property subject to this Mortgage; and all right, title and interest of Borrower, whether now or at any time hereafter existing, in all revisions and remainders to the Real Property and such other property, and all rents, income, issues, to the Real Property and such other property, and all rents, income, issues, profits, royalties and revenues derived from or belonging to such Real Property and other property subject to this Mortgage or any part thereof.

2.06 Proceeds. Any and all proceeds of the conversion, whether voluntary or involuntary, of all or any part of the Real Property and other property and interests subject to this Mortgage into cash or liquidated claims, including, without limitation, by reason of specification, proceeds of insurance, condemnation awards and any and all other property of every name and nature from time to time by delivery or writing of any kind conveyed, mortgaged, pledged, assigned or transferred for additional security for this Mortgage.

**TO HAVE AND TO HOLD** the Property unto Lender, its successors and assigns, forever; provided that if Borrower pays all amounts required to be paid to Lender under the Note according to its terms, makes all other required payments and performs all other terms, conditions, covenants and agreements contained in the Loan Documents, then this Mortgage shall be released in accordance with the terms specifically set forth hereafter. If any improvements or property become a part of the Property after the date hereof by location or installation on the Real Property or in the building or buildings now or in the future situated thereon or otherwise, then this Mortgage shall immediately attach to and constitute a lien or security interest against such additional items without further act or deed of Borrower.

ARTICLE III

CONDITION OF TITLE

Borrower represents and warrants to and covenants with Lender, its successors and assigns that: (a) it is the owner of a fee simple interest in the Property, subject only to the Permitted Exceptions; (b) this Mortgage is and shall remain a valid and enforceable lien on the Property to secure the performance of each and every obligation of Borrower set forth in the Loan Documents, subject only to the Permitted Exceptions; and (c) it will forever warrant and defend to Lender, its successors and assigns, the Property against all claims and demands whatsoever not specifically excepted in this Mortgage.

ARTICLE IV

COVENANTS OF BORROWER

So long as the Note remains unpaid and is in effect, Borrower shall abide by each of the following covenants:

4.01 Payment of Principal and Interest. Borrower shall duly and punctually pay each and every installment of principal and interest under the Note when due, promptly pay any penalties or other assessments that may be made, and timely comply with and carry out all of its covenants and agreements set forth in the Loan Documents.

4.02 Insurance: Damage or Destruction.

(a) Borrower shall provide and maintain or cause to be maintained at all times the following insurance coverages, evidence of which shall be submitted to Lender by Borrower, which coverages shall remain in effect until repayment in full of the Loan;

- i. Fire insurance with extended coverage, vandalism and malicious mischief endorsements, in an amount equal to the full replacement value;
- ii. Rent loss insurance providing for the payment of all rentals due on any leases on the Property for a period of nine months following the date of any Insured Casualty;
- iii. In the event the Property has central heating and/or cooling, steam boiler explosion and machine coverage;
- iv. If legal nonconforming, demolition coverage;
- v. Comprehensive general public liability insurance acceptable to Lender insuring Borrower and naming Lender as additional insured as its interest may appear, with bodily injury and death limits of not less than \$1,000,000 for any one occurrence, \$1,000,000 for each person and \$1,000,000 for property damage with umbrella coverage for an additional \$2,000,000;

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- vi. Dram shop insurance in an amount acceptable to Lender and naming Lender as additional insured;
- vii. In time of war, if the United States of America is a belligerent, such insurance as may be available from the United States of America; and
- viii. Such other insurance as may be required by the terms of any lease on the Property, any Loan Document, or as Lender may reasonably require from time to time.

No such policy shall be cancelable or subject to reduction of coverage or modification except after 30 days prior written notice to Lender. At least 30 days prior to the expiration of Borrower's policies, Borrower shall furnish Lender with renewals or "binders" therefor or Lender may order such insurance and charge Borrower for the cost thereof in accordance with Section 4.09 hereof.

(b) Borrower shall give Lender prompt notice of any damage or destruction to the Property. All proceeds of insurance under such policies (except liability insurance and except in the case of any particular casualty resulting in a loss payment not exceeding Twenty Thousand Dollars (\$20,000) in the aggregate) shall be paid to Lender, and all such policies shall provide that the proceeds of such insurance (except in the area of any particular casualty resulting in loss payment not exceeding Twenty Thousand Dollars (\$20,000) in the aggregate) shall be paid to Lender as its interest may appear, by means of a standard mortgage clause. In case of loss exceeding Twenty Thousand Dollars (\$20,000), Lender (or after entry of judgment of foreclosure, the purchaser at the sale) is hereby authorized, to either (i) settle or adjust any claim under such insurance policies without the consent of Borrower or (ii) allow Borrower to agree with the insurance company or companies on the amount to be paid upon the loss.

(c) In the event of an Insured Casualty, and:

i. If in the reasonable judgment of Lender, the Property can be restored to an economic unit not less valuable than the same was prior to the Insured Casualty, and adequately securing the outstanding balance of the indebtedness hereby secured, and, if no Event of Default, as hereinafter defined, shall have occurred and Borrower shall not be in default hereunder, the proceeds of insurance shall be applied to reimburse Borrower for the cost of restoring, repairing, replacing or rebuilding the Property or part thereof subject to the Insured Casualty, as provided for in Section 4.02(d) hereof; and Borrower hereby covenants and agrees, not later than 90 days after the date of the Insured Casualty, to commence and to diligently prosecute such restoring, repairing, replacing or rebuilding; provided, always, that Borrower shall pay all costs of such restoring, repairing, replacing or rebuilding in excess of the proceeds of insurance;

ii. Except as provided in Section 4.02(c)(i), Lender may apply the proceeds of insurance consequent upon any Insured Casualty upon the indebtedness hereby secured, in such order or manner as Lender may elect; and

iii. In the event that proceeds of insurance, if any, shall be made available to Borrower for the restoring, repairing, replacing or rebuilding of the Property, Borrower hereby covenants to restore, repair, replace or rebuild the same to be of at least equal value, and in the same character and of the same quality as prior to such damage or destruction; all to be effected in accordance with plans and specifications to be first submitted to and approved by Lender.

(d) In the event Borrower is entitled to reimbursement out of insurance proceeds held by Lender, such proceeds shall be disbursed from time to time upon Lender being furnished with satisfactory evidence of the estimated cost of completion of the restoration, repair, replacement and rebuilding; that funds of Borrower (or assurances satisfactory to Lender that such funds are available) when combined with the proceeds of insurance, to complete the proposed restoration, repair, replacement and rebuilding; and with such architect's certificates, waivers of lien, contractor's sworn statements and such other evidences of cost and of payment as Lender may reasonably require and approve; and Lender may, in any event, require that all plans and specifications for such restoration, repair, replacement and rebuilding be submitted to and approved by Lender prior to the commencement work. No payment made prior to the final completion of the restoration, repair, replacement or rebuilding shall exceed Ninety Percent (90%) of the value of the work performed from time to time; funds other than proceeds of insurance shall be disbursed prior to disbursement of such proceeds; and at all times the undisbursed balance of such proceeds remaining in the hands of Lender, together with funds deposited for the purpose of completing the restoration, repair, replacement or rebuilding are irrevocably committed to the satisfaction of Lender by or on behalf of Borrower for the purpose, shall be at least sufficient in the reasonable judgment of Lender to pay for the cost of completion of the restoration, repair, replacement or rebuilding, free and clear of all liens or claims for lien. Interest shall be allowed to Borrower on account of any proceeds of insurance or other funds held by Lender at the same rate being paid on Lender's daily passbook accounts and shall be available for such restoration, repair, replacement or rebuilding. Notwithstanding anything contained herein to the contrary, Lender may, in its sole discretion, require that the administration of the restoration, repair, replacement and rebuilding, and the distribution of insurance proceeds be done pursuant to and in accordance with Lender's requirements and standards used to administer its construction loans.

(e) All policies of insurance provided for in subsection (a) of this Section 4.02 shall be effective under a valid and enforceable policy or policies issued by an insurance company which is acceptable to Lender and which has a rating of at least "A-" and is in the financial size category of at least "VII" as established by A.M. Best Company and of recognized responsibility licensed to do business in the state of Illinois. These policies shall provide that the proceeds of such insurance shall be payable to Lender pursuant to a standard mortgage clause to be attached to each such policy. Borrower shall deposit with Lender policies evidencing all such insurance or a certificate or certificates of the respective insurers stating that such insurance is in force and effect.

**4.03 Preservation and Maintenance of Property.** Borrower (a) shall not commit waste or permit impairment or deterioration of the Property, (b) shall not abandon the Property, (c) shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original conditions, or such other condition as Lender may

approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (d) shall keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property, (f) shall comply with all covenants, requirements, and obligations of Borrower or with respect to the Property under any agreement, easement or restriction, including without limitation the Permitted Exceptions, (g) shall provide for professional management of the Property by a property manager satisfactory to Lender pursuant to a contract acceptable to Lender, (h) shall generally operate and maintain the Property in a manner to ensure maximum rentals, and (i) shall give notice in writing to Lender of and, unless otherwise directed in writing by Lender, appear in and defend any action or proceedings purporting to affect the Property, the security of this Mortgage or the rights or powers of Lender. Neither Borrower nor any tenant or other person shall remove, demolish or alter any improvement now existing or hereafter erected on the Property or any fixture, equipment, machinery or appliance in or on the Property except when incident to the replacement of fixtures, equipment, machinery and appliances with items of like kind.

**4.04 Condemnation Proceeds.** Borrower shall give Lender prompt notice of any pending or threatened eminent domain proceedings of any or all of the Property, including any damages to grade, and Borrower hereby assigns, transfers and sets over unto Lender the entire proceeds of any award or claim for damages for any of the Property taken or damaged under the power of eminent domain. Lender may elect to apply (or hold for application when due) the proceeds of the award upon or in reduction of the indebtedness hereby secured then most remotely to be paid, whether due or not, or to require Borrower to restore or rebuild the Property in which event the proceeds shall be held by Lender and used to reimburse Borrower for the cost of such rebuilding and restoring. If Borrower is required or permitted to rebuild or restore the Property as aforesaid, such rebuilding or restoration shall be effected solely in accordance with plans and specifications previously submitted to and approved by Lender, and proceeds of the award shall be paid out in the same manner as is provided in Section 4.02 for the payment of insurance proceeds towards the costs of rebuilding or restoration. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Borrower shall pay such costs in excess of the award, before being entitled to reimbursement out of the award. Any surplus which may remain out of the award after payment of such costs of rebuilding or restoration shall, at the option of Lender, be applied (or held for application when due) on account of the indebtedness hereby secured, then most remotely to be paid or be paid to any other party entitled thereto. Notwithstanding any taking by eminent domain, Borrower shall continue to pay interest on the entire principal sum secured until any such award or payment shall have been actually received by Lender and any reduction in the principal sum resulting from the application by Lender of such award or payment as hereinafter set forth shall be deemed to take effect only on the date of such receipt. If, prior to the receipt by Lender of such award or payment, the Property shall have been sold by foreclosure of this Mortgage, Lender shall have the right to receive such award or payment to the extent of any deficiency found, to be due upon such sale, with interest thereon at the default rate provided for in the Note, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered or denied, and of the reasonable attorney's fees, costs and disbursements incurred by Lender in connection with the collection of such award or payment.

4.05 Expenses of Litigation. If any action or proceeding be commenced, to which action or proceeding Lender is or becomes a party or in which it becomes necessary to defend or uphold the lien of this Mortgage or the efficacy of any other Loan Document, all sums paid by Lender for the expenses of any litigation (including reasonable attorneys' fees) to prosecute or defend the rights and lien created by this Mortgage or said Loan Documents shall, on notice and demand, be paid by Borrower, together with the interest thereon at the default rate provided for in the Note and shall be a lien on the Property, prior to any right or title to, interest in or claim upon the Property subordinate to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage.

4.06 Compliance with Laws. Borrower covenants and represents that the Property complies with the covenants and restrictions affecting the Property, with all applicable building and zoning laws, and Borrower shall at all times so own and use the same and take all steps necessary to assure such compliance at all times. The Property is zoned to permit the intended operation and use of the Property. Borrower shall not initiate or acquiesce in any zoning reclassification, or seek any condition use permit or variance without Lender's prior written consent.

4.07 No Further Encumbrances. Borrower will keep the Property free from all liens and encumbrances, whether inferior or superior to the lien of this Mortgage, except for the Permitted Exceptions. Any person, firm or corporation taking a mortgage, lien or other encumbrance against the Property (except for those that are Permitted Exceptions) shall take the said lien subject to the rights of Lender herein and the right of Lender to amend, modify and supplement this Mortgage, the Loan Documents, and the Note and to extend the maturity of any indebtedness hereby secured, in each and every case without obtaining the consent of the holder of any such liens and without the lien of this Mortgage losing its priority over the rights of any such liens. In the event of any mechanics' lien on the Property, Borrower shall have the right to contest the same provided that Borrower shall have, upon inquiry of and at Lender's option, (i) posted additional collateral with Lender; (ii) delivered a bond over the mechanics' lien; or (iii) had the title company who issued the loan title insurance policy on the Property insure over the mechanics' lien. Regardless of the option chosen by Lender hereinabove, all shall be documented in form and substance acceptable to Lender.

4.08 Use of Property. Unless required by applicable law or unless Lender otherwise agrees in writing, Borrower shall not allow changes in the use for which all or any part of the Property was intended at the time this Mortgage was executed.

4.09 Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which affects the Property or title thereto or the interest of Lender therein, including, but not limited to, eminent domain, insolvency, code enforcement or arrangements or proceedings involving a bankrupt or decedent, then Lender, at its option, may upon ten (10) days notice to Borrower (except where such notice would be extremely impractical) make such appearances, disburse such sums and take such action as Lender deems necessary, in its sole discretion, to protect Lender's interest, including, but not limited to: (i) disbursement of attorneys' fees; (ii) entry upon the Property to make repairs; or (iii) procurement of satisfactory insurance as provided in Section 4.02 hereof. Any amounts disbursed by Lender pursuant to this Section 4.09, with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be



immediately due and payable and shall bear interest from the date of disbursement at the default rate stated in the Note unless such rate of interest exceeds applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law. Borrower hereby covenants and agrees that Lender shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the indebtedness secured hereby. Nothing contained in this Section 4.09 shall require Lender to incur any expense or take any action hereunder.

4.10 Inspection. Borrower shall permit Lender, and its duly authorized agents, experts, engineers and representatives, upon at least 48 hours prior notice, to make or cause to be made entries upon and inspections of the Property during normal business hours at all time during the term hereof. Borrower shall assist Lender in conducting all inspections and shall make access available to Lender to all tenant areas.

4.11 Books and Records. Borrower shall keep and maintain at all times at Borrower's address stated below or upon ten (10) days prior notice to Lender, at such other place as designated by Borrower within the state of Illinois, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases and other instruments which affect the Property, including without limitation copies of all quotations, purchase orders and contracts obtained by Borrower in the course of designing and constructing the Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Lender, and Lender may copy the same at Lender's expense, provided that Lender may use and/or release such information only in connection with the administration or enforcement of this Mortgage or the other Loan Documents. Borrower shall furnish to Lender, within ninety (90) days after the end of each calendar year or, if later, then by such date as required by the Internal Revenue Service for filing without penalty, a balance sheet, a statement of income and expenses of the Property and a statement of changes in financial position, each in reasonable detail and certified by Borrower, and, if Lender shall require, by an independent certified public accountant. Borrower shall furnish, together with the foregoing financial statements and at any other time upon Lender's request, a rent schedule for the Property, certified by Borrower, showing the name of each tenant, the space occupied, the lease expiration date, the rent payable and the rent paid and the amount and location of any security deposit. Borrower further covenants and agrees to furnish, or to cause to be furnished to Lender annually, within ninety (90) days after the end of each calendar year, or if later, then by such date as required by the Internal Revenue Service for filing without penalty, personal financial statements, tax returns, and such other information as may be reasonably required by Lender of the Borrower and of all guarantors of the Loan, certified as true and correct by the appropriate parties. Failure to provide the annual financial statements will result in a rate increase to 18.00% for the remainder of the term of the Note, or until such default is cured.

4.12 Payment of Taxes and Assessments. Borrower shall pay before the same become delinquent, all real and personal property taxes, assessments (whether general or special), gas, electric, light, power, water and sewer charges, business, sales, use and occupation taxes, all permit and inspection fees, all license and occupation fees, and such other charges now or hereafter levied or assessed against the Property or any part thereof and, upon request, shall exhibit to Lender receipts for the payment of such items. Borrower agrees to pay monthly to Lender an amount reasonably necessary to anticipate the payment of all real and personal property taxes levied or assessed against the Property in accordance with the manner in which

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such taxes and assessments accrue. All such payments shall be held by Lender in a money market account, the proceeds of which shall earn interest payable to Borrower (provided that there is no default under the Loan). Upon the receipt of each tax bill by Lender, Lender shall send a check(s) made payable to the appropriate taxing authorities. In the event that the amount of the money so deposited shall be insufficient for the payment in full of such taxes, together with all penalties and interest thereon, if any, the Borrower shall forthwith, upon demand, deposit with Lender a sum which, when added to the funds then on deposit with Lender, shall be sufficient to make such payment in full. All funds held by Lender are hereby pledged by Borrower as additional security for Borrower's performance of its obligations under the Loan Documents.

4.13 Environmental Compliance. Borrower hereby represents and warrants to Lender and covenants with Lender that:

(a) Definitions. For purposes of this Section 4.13:

i. "Property" means: The Property and Real Property including improvements presently and hereafter situated thereon or thereunder, construction material used in such improvements, surface and subsurface soil and water, areas leased to tenants, and all business uses and operations thereon.

ii. "Environmental Laws" means:

(A) any present or future federal statute, law, code, rule, regulation, ordinance, order, standard, permit, license, guidance document or requirement (including consent decrees, judicial decisions and administrative orders) together with all related amendments, implementing regulations and reauthorizations, pertaining to the protection, preservation, conservation or regulation of the environment, including but not limited to: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. ("CERCLA"); the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. ("RCRA"); the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq. ("TOSCA"); the Clean Air Act, 42 U.S.C. Section 7401 et seq.; and the Clean Water Act, 33 U.S.C. Section 1251 et seq.;

(B) any present or future state or local statute, law, code, rule, regulation, ordinance, order, standard, permit, license or requirement (including consent decrees, judicial decisions and administrative orders) together with all related amendments, implementing regulations and reauthorizations, pertaining to the protection, preservation, conservation or regulation of the environment.

iii. "Hazardous Material" means:

(A) "hazardous substances" as defined by CERCLA;

(B) "hazardous wastes", as defined by RCRA;

- (C) "hazardous substances", as defined by the Clean Water Act;
- (D) any item which is banned or otherwise regulated pursuant to TOSCA;
- (E) any item which is regulated by the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. 136 et seq.;
- (F) any item which triggers any thresholds regulated by or invoking any provision of the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. 11001 et seq.;
- (G) any hazardous, dangerous or toxic chemical, material, waste, pollutant, contaminant or substance ("pollutant") within the meaning of any Environmental Law prohibiting, limiting or otherwise regulating the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant;
- (H) any petroleum, crude oil or fraction thereof;
- (I) any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. Section 2011 et seq. and amendments thereof and reauthorizations thereof;
- (J) asbestos-containing materials in any form or condition; and
- (K) polychlorinated biphenyls ("PCBs") in any form or condition.

iv. "Environmental Actions" means:

(A) any notice of violation, complaint, claim, citation, demand, inquiry, report, action, assertion of potential responsibility, lien, encumbrance, or proceeding regarding the Property, whether formal or informal, absolute or contingent, matured or unmatured, brought or issued by any governmental unit, agency, or body, or any person or entity respecting:

(1) Environmental Laws;

(2) the environmental condition of the Property, or any portion thereof, or any property near the Property, including actual or alleged damage or injury to humans, public health, wildlife, biota, air, surface or subsurface soil or water, or other natural resources; or

(3) the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of Hazardous Material either on the Property or off-site.

(B) any violation or claim of violation by Borrower of any Environmental Laws whether or not involving the Property;

(C) any lien for damages caused by, or the recovery of any costs incurred by any person or governmental entity for the investigation, remediation or cleanup of any release or threatened release of Hazardous Material; or

(D) the destruction or loss of use of property, or the injury, illness or death of any officer, director, employee, agent, representative, tenant or invitee of Borrower or any other person arising from or caused by the environmental condition of the Property or the release, emission or discharge of Hazardous Material from the Property.

(b) Borrower hereby represents and warrants to Lender that:

i. To the best of Borrower's knowledge, based on all appropriate and thorough inquiry, and except as disclosed to Lender in writing, the Property and the Borrower have been and currently are in compliance with all Environmental Laws. There have been, to the best of Borrower's knowledge based on all appropriate inquiry, no past, and there are no pending or threatened Environmental Actions to which Borrower is a party or which relate to the Property. All required governmental permits and licenses are in effect, and Borrower is in compliance therewith. Borrower has not received any notice of any Environmental Action respecting Borrower, the Property or any off-site facility to which has been sent any Hazardous Material for off-site treatment, recycling, reclamation, reuse, handling, storage, sale or disposal.

ii. No use, exposure, release, emission, discharge, generation, manufacture, sale, handling, reuse, presence, storage, treatment, transport, recycling or disposal of Hazardous Material has, to the best of Borrower's knowledge, based on all appropriate inquiry, occurred or is occurring on or from the Property except in compliance with Environmental Laws and as disclosed in writing to Lender ("Disclosed Material"). The term "released" shall include but not be limited to any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment (including the abandonment or discarding of barrels, containers and other receptacles containing any Hazardous Material). To the best of Borrower's knowledge, all Hazardous Material used, treated, stored, transported to or from, generated or handled on the Property has been disposed of on or off the Property in a lawful manner. To the best of Borrower's knowledge, no underground storage tanks (including but not limited to petroleum or heating oil storage tanks) are present on or under the Property, or have been on or under the Property except as has been disclosed in writing to Lender ("Disclosed Tanks").

(c) Borrower hereby covenants and agrees with Lender as follows:

i. The Property and Borrower shall comply with all Environmental Laws. All required governmental permits and licenses shall be obtained and maintained, and Borrower shall comply therewith. All Hazardous Material on the Property will be disposed of in a lawful manner without giving rise to liability under any Environmental Laws. Borrower will satisfy all requirements of applicable Environmental Laws for the registration, operation, maintenance, closure and removal of all underground storage tanks on the Property, if any. Without limiting the foregoing, all Hazardous Material shall be handled in compliance with all applicable Environmental Laws.

ii. Other than Disclosed Material, no Hazardous Material shall be introduced to or used, exposed, released, emitted, discharged, generated, manufactured, sold, transported, handled, stored, treated, reused, presented, disposed of or recycled on the Property without thirty (30) days' prior written notice to Lender.

iii. Borrower shall immediately notify Lender of all Environmental Actions and provide copies of all written notices, complaints, correspondence and other documents relating thereto within two business days of receipt, and Borrower shall keep Lender informed of all responses thereto. Borrower shall promptly cure and have dismissed with prejudice all Environmental Actions in a manner satisfactory to Lender and Borrower shall keep the Property free of any encumbrance arising from any judgment, liability or lien imposed pursuant to any Environmental Actions. Notwithstanding the foregoing sentence, Borrower may diligently, in good faith and by appropriate legal proceedings, contest such proceedings provided: (1) Borrower first furnishes to Lender such deposits or other collateral as Lender, in its sole discretion, deems sufficient to fully protect Lender's interests; (2) such contest shall have the effect of preventing any threatened or pending sale or forfeiture of all or any portion of the Property or the loss or impairment of Lender's lien and security interest in and to the Property; and (3) such contest will not cause Lender to incur any liability, in Lender's sole judgment. Borrower shall permit Lender, at Lender's option to appear in and to be represented in any such contest and shall pay upon demand all expenses incurred by Lender in so doing, including attorneys' fees.

iv. Borrower shall provide such information and certifications which Lender may reasonably request from time to time to monitor Borrower's compliance with this Section for the sole purpose of protecting Lender's security interest.

To protect its security interest, Lender shall have the right, but not the obligation, at any time to enter upon the Property, take samples, review Borrower's books and records, interview Borrower's employees and officers, and conduct such other activities as Lender, at its sole discretion, deems appropriate. Borrower shall cooperate fully in the conduct of such an audit. If Lender decides to conduct such an audit because of: (1) an Environmental Action; (2) Lender's considering taking possession of or title to the Property after an Event of Default by Borrower; (3) a material change in the use of the Property, which in Lender's opinion, increases the risk to its security interest; or (d) the introduction of Hazardous Material other than Disclosed Material to the Property; then Borrower shall pay upon demand all costs and expenses

connected with such audit, which, until paid, shall become additional indebtedness secured by the Loan Documents and shall bear interest at the default rate. Nothing in this Article shall give or be construed as giving Lender the right to direct or control Borrower's actions in complying with Environmental Laws.

v. If Borrower fails to comply with any of its covenants contained in this Section within thirty (30) days after notice by Lender to Borrower, Lender may, at its option, declare an Event of Default. If, however, the noncompliance cannot, in Lender's reasonable determination, be corrected within such thirty (30) day period, and if Borrower has promptly commenced and diligently pursues action to cure such noncompliance to Lender's satisfaction, then Borrower shall have such additional time as is reasonably necessary to correct such noncompliance, provided Borrower continues to diligently pursue corrective action, but in no event more than a total of one hundred eighty (180) days after the initial notice of noncompliance by Lender.

vi. There are no pending or threatened: (1) actions or proceedings from any governmental agency or any other entity regarding the condition or use of the Property, or regarding any environmental, health or safety law; or (2) "superliens" or similar governmental actions or proceedings that could impair the value of the Property, or the priority of the lien of this Mortgage or any of the other Loan Documents (collectively "Environmental Proceedings"). Borrower will promptly notify Lender of any notices, or other knowledge obtained by Borrower hereafter of any pending or threatened Environmental Proceedings, and Borrower will promptly cure and have dismissed with prejudice any such Environmental Proceedings to the satisfaction of Lender.

vii. Any fees, costs and expenses imposed upon or incurred by Lender on account of any breach of this Section shall be immediately due and payable by Borrower to Lender upon demand, and shall (together with interest thereon at the default rate accruing from the date such fees, costs and expenses are so imposed upon or incurred by Lender) become part of the indebtedness secured hereby. Borrower shall keep, save and protect, defend, indemnify and hold Lender harmless from and against any and all claims, loss, cost, damage, liability or expense, including reasonable attorneys' fees, sustained or incurred by Lender by reason of any Environmental Proceedings or the breach or default by Borrower of any representation, warranty or covenant contained in this Section.

(d) Lender is entitled to rely upon Borrower's representations, warranties and covenants contained in this Section despite any independent investigations by Lender or its consultants. Borrower shall take all necessary actions to determine for itself, and to remain aware of, the environmental condition of the Property. Borrower shall have no right to rely upon any independent environmental investigations or findings made by Lender or its consultants unless otherwise stated in writing therein and agreed to in writing by Lender.

(e) The term "Lender's Environmental Liability" shall mean any and all losses, liabilities, obligations, penalties, claims, fines, lost profits, demands, litigation, defenses, costs, judgments, suits, proceedings, damages (including consequential, punitive and exemplary damages), disbursements or expenses of any kind or nature whatsoever (including attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against, settling or prosecuting any suit, litigation, claim or proceeding) which may at any time be either directly or indirectly imposed upon, incurred by or asserted or awarded against Lender or any of Lender's parent and subsidiary corporations and their affiliates, shareholders, directors, officers, employees and agents (collectively Lender's "Affiliates") in connection with or arising from:

- i. any Hazardous Material used, exposed, emitted, released, discharged, generated, manufactured, sold, transported, handled, stored, treated, reused, presented, disposed of or recycled on, in or under all or any portion of the Property, or any surrounding areas;
- ii. any misrepresentation, inaccuracy or breach of any warranty, covenant or agreement contained or referred to in this Article;
- iii. any violation, liability or claim of violation or liability, under any Environmental Laws;
- iv. the imposition of any lien for damages caused by, or the recovery of any costs incurred for the cleanup of, any release or threatened release of Hazardous Material; or
- v. any Environmental Actions.

Borrower shall indemnify, defend (at trial and appellate levels and with counsel, experts and consultants acceptable to Lender and at Borrower's sole cost) and hold Lender and its Affiliates free and harmless from and against Lender's Environmental Liability (collectively "Borrower's Indemnification Obligations"). Borrower's Indemnification Obligations shall survive in perpetuity with respect to any Lender's Environmental Liability.

Borrower and its successors and assigns hereby waive, release and agree not to make any claim or bring any cost recovery action against Lender under or with respect to any Environmental Laws. Borrower's obligation to Lender under this indemnity shall likewise be without regard to fault on the part of Borrower or Lender with respect to the violation or condition which results in liability to Lender.

**4.14 Valid and Binding Agreement.** Borrower covenants and warrants that this Mortgage is a valid and enforceable obligation of Borrower in accordance with their respective terms and that the performance by Borrower of the terms hereof does not contravene any covenant in any agreement, indenture or other document affecting Borrower.

**4.15 Waiver.** To the full extent permitted by law, Borrower hereby covenants and agrees that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any

advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force providing for the valuation or appraisal of the Property, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to any decree, judgment or order of any court of competent jurisdiction; or after such sale or sales claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. To the full extent permitted by law, Borrower hereby expressly waives any and all rights of redemption from any order or decree of foreclosure of this Mortgage, on its own behalf, on behalf of all persons claiming or having an interest (direct or indirect) by, through or under Borrower and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date hereof, it being the intent hereof that any and all such right of redemption of Borrower, and of all other persons, are and shall be deemed to be hereby waived to the full extent permitted by applicable law. To the full extent permitted by law, Borrower agrees that it will not, by involving or utilizing any applicable law or laws or otherwise, hinder, delay or impede the exercise of an right, power or remedy herein or otherwise granted or delegated to Lender, but will suffer and permit the exercise of every such right, power and remedy as though no such law or laws have been or will have been made or enacted. To the full extent permitted by law, Borrower hereby agrees that no action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and valid in an action upon the Note.

4.15 Business Loan. Borrower hereby represents and warrants that it has been advised: (a) the proceeds of the indebtedness secured hereby (the "Loan") will be used for the purposes specified in 815 ILCS 205/4(1)(1) (1992 State Bar Edition) of the Illinois Compiled Statutes, as amended; (b) the Loan constitutes a "business loan" within the purview of that Section; (c) the Loan is a transaction exempt from the Truth in Lending Act, 15 U.S.C. Section 1601, et seq.; and (d) the proceeds of the indebtedness secured hereby will not be used for the purchase of registered equity securities within the purview of Regulation "U" issued by the Board of Governors of the Federal Reserve System.

## ARTICLE V

### DEFAULT

5.01 Prohibitions on Transfer of the Property or of an Interest in Borrower. It shall be an immediate default if, without the prior written consent of Lender, which consent may be granted or withheld at Lender's sole discretion, Borrower shall create, effect or consent to or shall suffer or permit any lease (except as provided for in Article VII of this Mortgage), conveyance, sale (including an installment sale), assignment, transfer, lien, pledge, hypothecate, mortgage, security interest, or other encumbrance or alienation, whether by operation of law, voluntarily or otherwise (collectively "Transfer") of (1) the Property or any part thereof or interest therein; (2) all or a portion of the beneficial interest of Borrower or change in the power of direction, if Borrower is a trustee; (3) all or a portion of the stock of any corporate Borrower or corporate beneficiary of a trustee Borrower, that results or could result in a material change in the identity of the person(s) or entities previously in control of such corporation; (4) all or a portion of a partnership, or joint venture interest of an joint venturer in the joint venture, if Borrower or Borrower's beneficiary consists of or includes a



partnership or joint venture, that results or could result in a material change in the identity of the person(s) in control of such partnership or joint venture; or (5) any of the members or the manager of a limited liability company, if Borrower is a limited liability company, changes (each of the foregoing is referred to as a "Prohibited Transfer"). In the event of such default, Lender may declare the entire unpaid balance, including interest, immediately due and payable. The foregoing provision of this Section 5.01 shall not, however, apply to the lien of current taxes and assessments not yet due and payable. This option shall not be exercised by Lender if prohibited by Federal law as of the date of this Mortgage.

**5.02 Event of Default.** Each of the following shall constitute an event of default ("Event of Default" or "Events of Default") under this Mortgage:

- (a) Borrower's failure to pay any amount due herein or secured hereby, or any installment of principal or interest when due and payable whether at maturity or by acceleration or otherwise under the Note, this Mortgage or any other Loan Document which failure continues for more than fifteen (15) days after the date due;
- (b) Borrower's failure to perform or observe any other covenant, agreement, representation, warranty or other provision contained in the Note, this Mortgage (other than an Event of Default described elsewhere in this Section 5.02) or any other document or instrument evidencing, guarantying or securing the amounts due under the Note, and such failure continues for more than thirty (30) days after notice thereof given by Lender to Borrower, provided, however, that: (i) if such default shall not be susceptible of cure within said thirty (30) day period, Lender shall not declare the indebtedness hereunder and under the Note to be due and payable if Borrower shall, within such thirty (30) day period, commence the cure of such default and shall prosecute the same with diligence and without unreasonable delay until the same is cured or corrected; provided that any abandonment or unreasonable delay in the prosecution of the cure of such default shall, without further notice or period of grace, constitute an event of default; and (ii) such cure periods as provided for in this Section 5.02(b) shall not apply to the other subsections of this Section 5.02;
- (c) The occurrence of any breach of any material representation or warranty contained in this Mortgage or any other Loan Document and such breach is not cured within twenty-one (21) days after written notice to Borrower;
- (d) A Prohibited Transfer occurs;
- (e) A court having jurisdiction shall enter a decree or order for relief in respect of Borrower in any involuntary case brought under any bankruptcy, insolvency, debtor relief or similar law; or if Borrower, or any beneficiary of or person in control of Borrower, shall: (i) file a voluntary petition in bankruptcy, insolvency, debtor relief or for arrangement, reorganization or other relief under the Federal Bankruptcy Act or any similar state or federal law; (ii) consent to or allow the appointment of or taking possession by a receiver, liquidator, or trustee (or similar official) of the Borrower or for any part of the Property or any substantial part of the Borrower's other property; (iii) make any assignment for the benefit of Borrower's creditors; or (iv) fail generally to pay Borrower's debts as they become due;

- (f) All or a substantial part of Borrower's assets are attached, seized, subjected to a writ or distress warrant, or are levied upon;
- (g) If Borrower is other than a natural person or persons: (i) the dissolution or termination of existence of Borrower, voluntarily or involuntarily, whether by reason of death of a general partner of Borrower or otherwise; (ii) the amendment or modification in any respect of Borrower's articles or agreement of partnership or its corporate resolutions or its articles of incorporation or bylaws or articles of organization or operating agreement that would affect Borrower's performance of its obligations under the Note, this Mortgage or the other Loan Documents;
- (h) This Mortgage shall not constitute a valid lien on and security interest in the Property (subject only to the Permitted Exceptions), or if such lien and security interest shall not be perfected;
- (i) The Property is abandoned;
- (j) An indictment or other charge is filed against Borrower, in any jurisdiction, under any federal or state law, for which forfeiture of the Property or other collateral securing the repayment of the indebtedness under the Note or of any other funds, property or other assets of Borrower or Lender is a potential penalty unless such charge is dismissed within ten (10) days after filing; or
- (k) the death or legal incompetence of any Guarantor.

## ARTICLE VI

### REMEDIES

6.01 Acceleration, Remedies. At any time after an Event of Default, Lender, at Lender's option, may declare all sums secured by this Mortgage and the other Loan Documents to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including but not limited to, reasonable attorneys' fees and costs including abstracts and title reports all of which shall become a part of the secured indebtedness and immediately due and payable with interest at the Default Rate. The proceeds of any foreclosure sale of the Property shall be applied as follows: first, to all costs, expenses and fees incident to the foreclosure proceedings; second as set forth in the Note; and third, any balance to Borrower.

6.02 Appointment of Receiver. Upon acceleration under Section 5.01, Section 6.01 or abandonment of the Property, and without further notice to Borrower, Lender shall be entitled to have a receiver appointed by a court to enter upon, take possession of and manage the Property and to collect the Rents including those past due. The receiver shall have the power to collect the Rents from the time of acceleration through the pendency of any foreclosure proceeding and during the full statutory period of redemption, if any. All Rents collected by the receiver shall be applied as the appointing court may direct and, in the absence of such

direction, first to payment of the costs and expenses of the management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then as provided in the Note. The receiver shall be liable to account only for those Rents actually received.

6.03 Costs of Foreclosure. In case it becomes necessary for Lender to commence proceedings to foreclose this Mortgage or to commence any other suit in equity, action at law or other appropriate proceedings, to enforce its rights under this Mortgage, the Note or any of the other Loan Documents, Borrower agrees to pay to Lender all costs of such suit, action or proceeding as well as all expenses incurred in procuring title insurance and the reasonable fees of Lender's attorneys in connection therewith, which costs and fees shall be included in the judgment in any such suit, action or proceeding.

6.04 Compliance with Illinois Mortgage Foreclosure Law. If any provision in this Mortgage shall be inconsistent with any provision of the Illinois Mortgage Foreclosure Law (735 ILCS 5/15-1101 et seq. (1992 State Bar Edition) of the Illinois Compiled Statutes) (the "Act") the provisions of the Act shall take precedence over the Mortgage provisions, but shall not invalidate or render unenforceable any other Mortgage provision that can be construed in a manner consistent with the Act. If any Mortgage provision shall grant to Lender any rights or remedies upon Borrower's default which are more limited than the rights that would otherwise be vested in Lender under the Act in the absence of such provision, Lender shall be vested with the rights granted in the Act to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Lender to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in Section 6.01 of this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

6.05 Remedies Cumulative. No remedy herein conferred upon or otherwise available to Lender is intended to be or shall be construed to be exclusive of any other remedy or remedies; but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein.

## ARTICLE VII

### ASSIGNMENT OF LEASES AND RENTS

All right, title and interest of Borrower in and to those leases, if any, listed on Exhibit C and all present and future leases affecting the Property, written or oral (collectively, "Leases"), and all rents, income, receipts, revenues, issues, avails and profits from or arising out of the Property (collectively "Rents") are hereby transferred and assigned to Lender as further security for the payment of the indebtedness under the Note, this Mortgage and the Loan Documents, and Borrower hereby grants a security interest to Lender in and to the same. Borrower shall submit all future Leases affecting the Property to Lender and shall submit all future Leases affecting the Property to Lender for its approval prior to execution to the extent

that such Leases (a) have rents of less than \$15.50 per square foot gross, or (b) are not on the lease forms previously provided to and approved by Lender, and all approved and executed Leases shall be specifically assigned to Lender by an instrument satisfactory to Lender. All Leases sent for Lender's prior approval shall be deemed approved if not disapproved by Lender within five (5) business days following Lender's receipt of the same. Each Lease shall, at the option of Lender, be paramount or subordinate to this Mortgage. Borrower shall furnish Lender with executed copies of each Lease and, if requested by Lender, with estoppel letters from each tenant, which estoppel letters shall be in a form satisfactory to Lender and shall be delivered no later than thirty (30) days after Lender's written demand.

If without Lender's prior written consent, Borrower: (i) as lessor, fails to perform and fulfill any term, covenant, or provision in any Lease; (ii) suffers or permits to occur any breach or default under the provisions of any separate assignment of any Lease given as additional security for the indebtedness under the Note, this Mortgage and the Loan Documents; (iii) fails to fully protect, insure, preserve, and cause continued performance or fulfillment of the terms, covenants, or provisions, which are required to be performed by the lessee or the lessor of any other Lease or Leases hereafter assigned to Lender; (iv) cancels, terminates, or materially amends or modifies any Lease other than in the ordinary course of business; or (v) permits or approves an assignment by lessee of a Lease or a subletting of all or any part of the Premises demised in the Lease; such occurrence shall constitute an Event of Default hereunder.

Lender shall have the right to assign Borrower's right, title and interest in any Leases to any subsequent holder of this Mortgage or the Note and the other Loan Documents or to any person acquiring title to all or any part of the Property through foreclosure or otherwise.

Upon an Event of Default, this Mortgage shall constitute a direction to each lessee under the Leases and each guarantor thereof, if any, to pay all Rents directly to Lender without proof of the Event of Default. Lender shall have the authority, as Borrower's attorney-in-fact (such authority being coupled with an interest and irrevocable) to sign the name of Borrower and to bind Borrower on all papers and documents relating to the operation leasing and maintenance of the Property. While this assignment is a present assignment, Lender shall not exercise any of the rights or powers conferred upon it by this Section until an Event of Default shall occur under this Mortgage.

If Borrower, as lessor, shall neglect or refuse to perform and keep all of the covenants and agreements contained in the Lease or Leases, then Lender may perform and comply with any such Lease covenants and agreements. All related costs and expenses incurred by Lender shall become a part of the indebtedness secured hereby and shall be due and payable upon demand by Lender with interest thereon accruing thereafter at the default rate.

Lender, however, shall not be obligated to perform or discharge any obligation, duty or liability under any Lease. Borrower shall defend, protect, indemnify and hold Lender harmless from and against any and all liability, loss or damage to Lender under the Leases or under or by reason of their assignments and of and from any and all claims and demands whatsoever which may be asserted against Lender by reason of all alleged obligations or undertakings on its part to perform or discharge any Lease terms, covenants or agreements. The amount of any such liability, loss or damage arising under the Leases or under or by reason of their assignment, or in the defense of any claims or demands, including costs,

expenses and reasonable attorneys' fees, incurred by Lender shall be a part of the indebtedness secured hereby due and payable upon demand with interest thereon accruing thereafter at the default rate.

## ARTICLE VIII

### SECURITY AGREEMENT

Without limiting any other provisions of this Mortgage, this Mortgage constitutes a Security Agreement under the Uniform Commercial Code of the State of Illinois (herein called the "Code") with respect to all fixtures, apparatus, equipment or articles and all replacements and substitutions, owned by Borrower, now or hereafter located on the Property as set forth in the description of the Property above, including but not limited to the air-conditioning, heating, gas, water, power, light, refrigeration, and ventilation systems which are presently located at the Property, and with respect to all funds and other sums which may be deposited with Lender pursuant hereto (all for the purposes of this paragraph called "Collateral"), and Borrower hereby grants to Lender a security interest in such Collateral. All of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Property. When the indebtedness secured hereby shall become due, whether by acceleration or otherwise, Lender shall have all remedies of a secured party under the Code. This Mortgage is intended to be a financing statement with respect to any other Collateral which constitutes "fixtures" within the meaning of the Code. Borrower shall execute and deliver to Lender any financing statements necessary to perfect the security interest in the Collateral created hereby. Any Code requirement for reasonable notice shall be met if such notice is delivered as provided herein at least five (5) days prior to the time of any sale, disposition, or other event or matter giving rise to the notice (which period of time and method of notice is agreed to be commercially reasonable).

## ARTICLE IX

### GENERAL

9.01 Notices. Any notice required or permitted to be delivered under this Mortgage or under any of the Loan Documents by either party to the other shall be given in writing and given by personal delivery to Borrower (in the case of notice to Borrower) or to an executive officer of Lender (in the case of notice to Lender) or by registered or certified mail, mailed postage prepaid, return receipt requested, to the parties at their addresses set forth below.

To Borrower:

FAMILY SQUARE L.L.C.  
c/o Marc Realty  
40 North Wells  
Chicago, IL 60606

To Lender:

St. Francis Bank, F.S.B.  
13400 Bishops Lane  
Suite 190  
Brookfield, WI 53005

Notice shall be deemed delivered upon the date of personal delivery (in the case of notice given by personal delivery) or on the date of deposit into the United States mail, with sufficient postage affixed (in the case of notice given by registered or certified mail). Either party may change the address to which notices shall be sent by giving notice to the other pursuant to this Section 9.01.

9.02 Governing Law: Venue. This Mortgage shall be construed and enforced according to the laws of the State of Illinois.

9.03 Successors and Assigns: Partial Invalidity. All covenants and agreements in this Mortgage contained by or on behalf of either of the parties hereto shall be binding upon and shall inure to the benefit of the respective successors and assigns of Borrower and Lender. Invalidation of part or all of any one of the covenants herein contained by judgment or court order shall not affect any of the other provisions, which shall remain in full force and effect.

9.04 Borrower and Lien not Released. From time to time, Lender may, at its option, without giving notice to or obtaining the consent of Borrower, Borrower's successors or assigns or of any junior lienholder or guarantors, without liability on Lender's part and notwithstanding Borrower's breach of any covenant or agreement of Borrower in this Mortgage, extend the time for payment of the indebtedness evidenced by the Note or any part thereof, reduce the payments thereon, release anyone liable on any of said indebtedness, modify the terms and time of payment of said indebtedness, release from the lien of this Mortgage any part of the Property, take or release other or additional security, reconvey any part of the Property, consent to any plat or plan of the Property, consent to the granting of any easement, join in any extension or subordination agreement and agree in writing with Borrower to modify the terms or conditions of the Note or change the amount of the installments payable thereunder. Any actions taken by Lender pursuant to the terms of this Section 9.04 shall not affect the obligation of Borrower or Borrower's successors or assigns to pay the sums secured by this Mortgage and to observe the covenants of Borrower contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the indebtedness secured hereby and shall not affect the lien or priority of lien hereof on the Property. Borrower shall pay Lender a reasonable service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Lender's option, for any such action if taken at Borrower's request.

9.05 Forbearance by Lender not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by Lender of payment of any sum secured by this Mortgage after the due date of such payment shall not be a waiver of Lender's rights to either require prompt payment when due or all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right

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to accelerate the maturity of the indebtedness secured by this Mortgage, nor shall Lender's receipt of any awards, proceeds or damages under Section 4.02 or Section 4.04 hereof operate to cure or waive Borrower's default in payment of sums secured by this Mortgage.

9.06 Estoppel Certificate. Borrower shall within ten (10) days of a written request from Lender furnish Lender with a written statement, duly acknowledged, setting forth the sums secured by this Mortgage and any right of set-off, counterclaim or other defense which exists against such sums and the obligations of this Mortgage or the other Loan Documents.

9.07 Release. Upon payment of the all the indebtedness secured hereby, Lender shall release this Mortgage upon payment by Borrower of all costs and fees to release same, if any. Borrower shall be responsible for recording the release, including all related costs of recordation.

IN WITNESS WHEREOF, Borrower has executed this Mortgage on the date first above written.

FAMILY SQUARE L.L.C., an Illinois limited liability company

By: Gerald Nudo  
Gerald Nudo, its Manager

By: Laurence H. Weiner  
Laurence H. Weiner, its Manager

STATE OF ILLINOIS     )  
                                  )     SS  
COUNTY OF COOK     )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that GERALD NUDO and LAURENCE H. WEINER, the Managers of FAMILY SQUARE L.L.C., an Illinois limited liability company, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they signed, sealed and delivered the said instrument, on behalf of the company and as their free and voluntary act and as the free and voluntary act of the company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 12th day of December, 2000.

Janiece R. Waters  
Notary Public

My Commission Expires:

“OFFICIAL SEAL”  
Janiece G. R. Waters  
Notary Public, State of Illinois  
My Commission Exp. 06/23/2001

## EXHIBIT A

### LEGAL DESCRIPTION

Parcel 1: That part of the South 1/2 of Section 17, Township 39 North, Range 12, East of the Third Principal Meridian, described as follows: Beginning at an iron pipe on the North and South 1/4 Line of said Section 17 which is 124.88 Feet South of the center of said Section 17; thence Easterly along a straight line 171.07 Feet more or less to an iron pipe on the East Line of the West 166.50 Feet of the Southeast 1/4 of said Section 17 which is 165 Feet South of the North Line of said Southeast 1/4; thence South along the East Line of the West 166.50 Feet of said Southeast 1/4, 579.65 Feet more or less to an iron pipe on the Northerly Right of Way Line of the Chicago Madison and Northern Railroad Company; thence Westerly along said Northerly Railroad Right of Way 362.16 Feet more or less to an iron pipe on the West Line of the East 166.50 Feet of said Southwest 1/5; thence North along last described West Line 249.15 Feet more or less to an iron pipe at the point 351.50 Feet (as measured along said West Line) South of the North Line of said Southwest 1/4; thence East at right angles to the last described line 110 Feet to an iron pipe at the Southeast Corner of land conveyed according to Document No. 19705402; thence North at right angles to last described line 240.78 Feet more or less to an iron pipe on straight line drawn from the Place of Beginning to a point on the West Line of the East 166.50 Feet of said Southwest 1/4 which point is 84.76 Feet South of the North Line of said Southwest 1/4; thence Easterly along last described straight line which is also the South Line of land conveyed to the County of Cook, according to Document 15344642, 58.05 Feet more or less to the Place of Beginning, in Cook County, Illinois.

Except that portion of the above described land taken by the Department of Transportation of the State of Illinois by Court Order entered January 14, 2000 in Case Number 99L51191, bounded and described as follows:

That part of the South 1/2 of Section 17, Township 39 North, Range 12 East of the Third Principal Meridian, Cook County, Illinois, described as follows: Beginning at a point on the North and South Quarter Line of said Section 17 which is 124.88 Feet South of the center of said Section 17; thence on an assumed bearing of South 78 Degrees 51 Minutes 28 Seconds East 171.06 Feet, to a point on the East Line of the West 166.50 Feet of the Southeast 1/4 of said Section 17 which is 165.00 Feet South of the North Line of said Southeast 1/4; thence South 02 Degrees 06 Minutes 46 Seconds East 23.71 Feet, along said East Line of the West 166.50 Feet of the Southeast 1/4 to a 5/8 Inch Rebar with an allied cap stamped "State of Illinois Division of Highways Right-of-Way Corner IPLS 2017"; thence North 72 Degrees 21 Minutes 57 Seconds West 109.48 Feet to a 5/8 Inch Rebar with an allied cap stamped "State of Illinois Division of Highways Right-of-Way Corner IPLS 2017" and to a point of a non-tangent curve, center of said curve bears South 17 Degrees 52 Minutes 06 Seconds West; thence Northwesterly 126.33 Feet on a curve to the left having a radius of 1939.84 Feet, the chord of said curve bears North 73 Degrees 59 Minutes 45 Seconds West 126.21 Feet, to a point on the East Line of the West 110.00 Feet of the East 166.50 Feet of the Southwest 1/4 of said Section 17, at a point that is 84.76 Feet South of the North Line of said Southwest 1/4, said point also being on the South Line of land conveyed to the County of Cook according to Document No. 15344642, and to



a 5/8 Inch Rebar with an allied cap stamped "State of Illinois Division of Highways Right-of -Way Corner IPLS 2017"; thence South 78 Degrees 51 Minutes 28 Seconds East 58.05 Feet, along the South Line of said Document No. 15344642, to the Point of Beginning.

Parcel 2: That part of Lot 3 lying South of a line 50 Feet (as measured along the extension of the East Line of Lot 4) South of and parallel with the South Line of Lot 4 and said parallel line extended East and West in Hillside Development Company Subdivision of part of the East 1/2 of the Southwest 1/4 of Section 17, Township 39 North, Range 12, East of the Third Principal Meridian, according to the plat thereof recorded November 13, 1961 as Document No. 18328096, in Cook County, Illinois.

PROPERTY ADDRESS: 4415 Harrison Road, Hillside, IL

P.I.N.: 15-17-400-013;  
15-17-301-028; and  
15-17-301-027.

Property of Cook County Clerk's Office

## EXHIBIT B

### PERMITTED EXCEPTIONS

General Real Estate Taxes not yet due and payable;

Easements recorded in the Plat of Hillside Development Company Subdivision recorded as Document 18328096;

~~Easement recorded as Document 18497755;~~

Easement recorded as Document 18702481;

Easement recorded as Document 19108297;

Easement recorded as Document 19182683;

Easement recorded as Document 19595280;

Easement recorded as Document 21252831;

Easement recorded as Document 21369579;

Existing unrecorded leases and parties in possession thereunder; and

Temporary Easement of the Department of Transportation per Court Order in Case Number 99 L 51191.

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EXHIBIT C

00996981

## LEASES

<i>Suite No.</i>	<i>Tenant Name</i>	<i>Lease Start and Expiration Dates</i>
#100	ENGINEER'S OFFICE	01/01/97 01/01/00
#200	Proviso-Leyden Council for	05/01/00 04/30/03
#201	Insurance Administration Ser	10/10/00 09/30/02
#202	Widescope Staffing Services	03/01/95 02/28/01
#204	Jacqueline A. Biener	09/01/97 08/31/01
#206	Theodore Polygraph	11/01/94 10/31/01
#208	Proviso Leyden Council for	05/01/00 12/31/00
#212	USA Payment Processing Inc.	04/01/99 03/31/02
#213	Frank Smith	09/01/99 08/31/02
#215	Holt Associates	11/01/92 10/31/02
#216	Robert W. Smith	01/01/95 02/28/03
#217	Robert E. Fitzgerald	05/01/99 04/30/02
#218	Holly's Cards & Gifts	07/01/97 06/30/01
#220	General Masters, Inc.	09/01/94 12/31/04
#223	Whealing-Pittsburgh Corp.	04/01/93 04/30/02
#224	Kampden Paper, Inc.	01/01/96 12/31/01
#230	Electronic Systems USA	09/01/95 08/31/00
#231	Concentra Managed Care Servi	09/01/97 10/31/02
#232	Maximum Mortgage Services	10/01/99 12/31/02
#234	U.S. Equities Asset Mgmt, In	06/11/97 12/31/00
#236	Hollingsworth & Vose Company	03/01/93 02/28/01
#238	A.P.P.S. of Illinois Inc.	06/02/97 07/31/03

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EXHIBIT C

00996981

## LEASES (Continued)

<i>Suite No.</i>	<i>Tenant Name</i>	<i>Lease Start and Expiration Dates</i>
#247	Rose International	08/01/98 07/31/01
#300	W. American Medical Managenc	11/09/98 10/31/03
#301	Elliott's Deli	09/01/95 08/31/00
#302	Allure Travel Agency	12/01/95 11/30/01
#307	Bruce Fallert / Swiss Graphi	05/01/00 04/30/03
#308	FF, Inc.	02/01/00 02/11/03
#310	Resource America	08/01/98 07/31/01
#311	TV Fanfare Publications, Inc	12/01/99 11/30/04
#312	Kova Oil, Inc.	02/01/95 06/30/01
#313	Gerry Griffin	02/01/99 04/30/02
#314	Export Insurance Agency, Inc	12/01/97 12/31/00
#316	John M. Korgan	02/01/96 01/31/01
#318	Conzetta Mitchell	09/01/98 08/31/01
#320	Perfect Ten, Inc.	03/01/93 03/31/02
#322	W. Keating Co.	08/01/98 07/31/01
#324	Gen Automation Co., Inc.	07/01/95 07/31/01
#326	Allfoam Industries, Inc.	04/01/95 09/30/01
#330	Local #9 Int Brotherhood	05/01/94 04/30/04
#334	Ameriquest Mortgage Company	03/01/99 02/28/02
#340	A&R Security Systems	04/01/97 03/31/03

LEASES  
(Continued)

<i>Suite No.</i>	<i>Tenant Name</i>	<i>Lease Start and Expiration Dates</i>
#344	Northern Illinois Ready Mix	08/01/00 07/31/03
#350	Horace Mann Service Corp.	11/01/95 10/31/01
#401	Proviso Township	09/01/95 08/31/05
#402	Xerox Corporation	10/01/96 09/30/01
#411	UVG&M, Inc.	04/01/97 07/31/01
#429	U.S. Star Financial Corp.	03/15/96 06/30/02
#434	Scott Peterson - SMG, Inc.	06/01/95 08/31/03
#435	VACANT	08/01/94 07/31/00
#444	Thomas/Gont Enterprises	03/01/95 02/28/01
#448	State of Florida	12/01/90 11/30/00
#501	Xerox Corporation	07/01/97 06/30/02
#503	American Utility Management	10/10/00 09/30/05
#515	Commonwealth Mortgage Corp.	04/01/90 01/30/01
#530	U.S. Dept. of Commerce	11/01/00 10/31/00
#600	AT&T Wireless	07/10/96 07/09/28
#601	BellSouth Wireless Data, L.P	10/01/90 12/31/00
#602	Sprint	02/01/99 01/31/04
#603	Teligent Communications	04/15/99 04/14/04
#306A	Tyler Refrigeration Corp.	09/01/99 06/30/01
#402H	Xerox	10/01/96 09/30/01
#501H	Xerox	07/01/97 06/30/02
#710G	Jack O'Brien X Nova Oil	01/01/97 12/31/00
#711G	Mary Gail X FL Dept of Reven	10/01/99 12/31/01
#713G	Marybeth Reaton X Local 9	05/01/99 12/31/00

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EXHIBIT C

00996981

## LEASES (Continued)

*Suite No.      Tenant Name      Lease Start and Expiration Dates*

#714G	Diane Bronis X Local 9	05/01/99 12/31/00
#715G	Bonnie Mezzano X RAMM	10/01/99 12/31/01
#716G	Holt & Associates - Parking	12/01/99 10/31/01
#717G	Sarah Gonzalez	12/01/99 11/30/01
#718G	Bill LeKander c/o TV Fanfare	12/01/99 11/30/01
#719G	Mary Carr c/o UVG&H	01/01/00 12/31/01
#720G	Chris Batarida c/o APPS	03/01/00 12/31/00
#721G	Electronic Systems - Parking	03/01/00 12/31/00
#722G	Hollingsworth & Voss - Parkl	03/01/00 12/31/00
#738G	B-W & Associates Xiberras Gen	09/01/94 12/31/00
#770G	Kathy Patete XGen Automation	11/30/97 12/31/00