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Cook County Recorder 89.00



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MAIL TO:

CHRISTINE KAROFF  
Chicago Title  
171 N. Clark ML0301  
Chicago, IL 60601

7840349 20000128  
L. Wells \$1 384

2305 ENTERPRISE DRIVE, L.L.C.,  
a Delaware limited liability company, as Mortgagor  
(Mortgagor)

35  
ae

to

DEUTSCHE BANC MORTGAGE CAPITAL, L.L.C., as Mortgagee  
(Mortgagee)

MORTGAGE AND  
SECURITY AGREEMENT

Dated: As of January 10<sup>th</sup>, 2000  
Property: Enterprise Center II  
Address 2305-2315 Enterprise Drive  
Westchester, Illinois 60154-5802

P.I.N. 15-30-205-001  
15-30-205-002

PREPARED BY ~~AND UPON~~ ~~RECORDATION RETURN TO:~~

Cadwalader, Wickersham & Taft  
100 Maiden Lane  
New York, New York 10038

Attention: L. Mark Osher, Esq.

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This **MORTGAGE AND SECURITY AGREEMENT** ("Mortgage"), dated as of January 10<sup>th</sup>, 2000, is given by 2305 ENTERPRISE DRIVE, L.L.C., a Delaware limited liability company, as mortgagor ("Mortgagor"), having an address at c/o Prime Group Realty Trust, 77 West Wacker Drive, Suite 3900, Chicago, Illinois 60601, to DEUTSCHE BANC MORTGAGE CAPITAL, L.L.C., a Delaware limited liability company, as mortgagee, and its successors and/or assigns ("Mortgagee"), whose address is 31 West 52<sup>nd</sup> Street, 10<sup>th</sup> Floor, New York, New York 10019.

In order to secure payment of the indebtedness evidenced by, and all other amounts due as provided in, and the performance of the obligations under, the Promissory Note in the principal amount ("Principal") of \$5,450,000.00 ("Note"), this Mortgage and the other Loan Documents (collectively, "Debt"), Mortgagor irrevocably mortgages, grants, bargains, sells, conveys, transfers, pledges, sets over and assigns to Mortgagee, and creates a security interest in, all of Mortgagor's estate, right, title and interest in the following property, whether now or hereafter owned (collectively, "Mortgaged Property"):

(i) The real property situated in Cook County, State of Illinois, and described in Exhibit A ("Premises") and all structures, buildings and improvements of every kind and description located on the Premise: ("Improvements");

(ii) All easements, rights-of-way, vaults, streets, alleys, sewer rights now or hereafter associated with the Premises, and all estates, rights, interests and appurtenances, reversions and remainders whatsoever, in any way pertaining to the Premises;

(iii) All supplies, equipment, furniture, furnishings, fixtures, goods, inventory and personal property owned by Mortgagor or used in connection with the Improvements (collectively, "Equipment").

(iv) All leases and other agreements (each, a "Lease") and all rents, royalties, issues, profits, revenue, income, rights and other benefits (collectively, "Rents and Profits") and any security for the obligations of tenants, lessees or licensees (each, a "Tenant") under any Leases;

(v) All contracts and agreements (collectively, "Contracts") and all revenue, income and other benefits thereof;

(vi) All present and future funds, accounts, instruments, accounts receivable, documents, claims, trademarks, trade names, service marks, symbols in connection with, and all names by which the Premises and Improvements may be known and all other general intangibles (collectively, "General Intangibles");

(vii) All insurance policies or binders, including any unearned premiums thereon;

(viii) All cash funds, deposit accounts and other rights and evidence of rights to cash, now or hereafter created or held by Mortgagee, including, without limitation, all funds in

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the Impound Account, the Replacement Reserve and any other reserves required under the Loan Documents (collectively, the "Reserves");

- (ix) All deposits given to any public or private utility for utility services;
- (x) All proceeds, products, substitutions and accessions (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including proceeds of insurance and condemnation awards;
- (xi) Any and all other rights and interest of Mortgagor in and to the above items or otherwise related to or connected with, the Premises or the Improvements; and
- (xii) And all renewals, replacements, substitutions, additions or proceeds of any of the above.

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee, its successors and assigns forever;

As used herein, "Loan Documents" means the Note, this Mortgage, and all other agreements, certificates and instruments now or hereafter evidencing or securing, or executed or delivered in connection with the Debt, and all extensions and modifications thereof. For the purpose of further securing the Debt, Mortgagor covenants and agrees as follows:

## ARTICLE I

### TAXES; UTILITIES; INSURANCE

1.1. Payment of Taxes. Mortgagor shall pay or cause to be paid, except to the extent provided in Section 1.2, all taxes, assessments, and water and sewer charges which are or may become a lien on the Mortgaged Property (collectively, "Taxes"), and shall furnish Mortgagee with evidence showing payment of Taxes prior to the applicable delinquency date therefor. Mortgagor may not contest any Tax unless (a) Mortgagee determines in its subjective opinion that nonpayment of such Tax during such contest will not result in the sale, forfeiture or diminution of the Mortgaged Property, and (b) Mortgagor deposits in the Impound Account an amount determined by Mortgagee to be adequate to cover the payment of such Tax and any possible interest, costs and penalties thereon; and only as long as Mortgagor diligently contests. Notwithstanding anything to the contrary contained in the immediately preceding sentence, Dover Elevator Company ("Dover"), a Tenant at the Mortgaged Property, may contest any Tax in accordance with the terms contained in Section 4.2 of that certain Single-Tenant Building Lease (the "Dover Lease"), dated December 1, 1997, between Dover Westchester, L.L.C. ("Dover Westchester"), the predecessor-in-interest of Mortgagor, and Dover, provided that any "security" (as referenced in Section 4.1 of the Dover Lease) given by Dover to Mortgagor in connection with such contest must be satisfactory to Mortgagee, as determined by Mortgagee, and shall be deposited by Mortgagor with Mortgagee upon the request of Mortgagee.

1.2. Tax and Insurance Impound Account. Mortgagor shall maintain an impound account (the "Impound Account") with Mortgagee for payment of Taxes and insurance

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on the Mortgaged Property. On each Payment Date, Mortgagor shall pay to Mortgagee an amount equal to one-twelfth (1/12) of the amount of the then current annual Taxes, plus one-twelfth (1/12) of the amount of the then current annual premiums on insurance policies which Mortgagor is required to maintain hereunder, each as determined by Mortgagee. So long as there has not been (i) an Event of Default or (ii) any event which with the passage of time, the giving of notice or both would constitute an Event of Default ((i) and (ii) being sometimes hereinafter referred to collectively as a "Default"), all sums in the Impound Account shall be held by Mortgagee to pay Taxes and insurance premiums. No interest on funds deposited in the Impound Account shall be paid to Mortgagor.

1.3. Payment of Utilities Charges. Mortgagor shall pay when due all utility charges which are incurred by Mortgagor or may become a charge or lien against the Mortgaged Property.

1.4. Additional Taxes. If after this date any Applicable Law is enacted which imposes a tax on the Debt or on Mortgagee's interest in the Mortgaged Property, Mortgagor shall promptly pay such tax, together with interest and penalties thereon, provided, however, that if, in the opinion of counsel for Mortgagee, (a) it might be unlawful to require Mortgagor to make such payment or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then, Mortgagee may upon not less than ninety (90) days' notice, declare the Debt due and payable without prepayment premium or fee (if paid when due).

1.5. Insurance. Mortgagor shall maintain at all times such insurance against loss or damage and comply with all other requirements, terms and covenants ("Requirements") as set forth in the Insurance Rider. So long as (a) (1) the Dover Lease, (2) that certain Office Lease (the "Pagemart Lease"), dated September 9, 1998, between Dover Westchester and Pagemart Wireless, Inc. ("Pagemart"), and (3) that certain Office Lease (the "Unicom Lease"), dated November 15, 1998, between Dover Westchester and Unicom Energy Services, Inc. ("Unicom") are each in full force and effect and the insurance required to be provided under Article 21 of the Dover Lease, Article 21 of the Pagemart Lease and Article 21 of the Unicom Lease are each in full force and effect and Mortgagee is the loss payee under all such casualty insurance policies, and Mortgagor shall be deemed to be in compliance with the terms of this Paragraph 1.5.

## ARTICLE II

### CASUALTY AND CONDEMNATION

2.1. Casualty and Condemnation. Mortgagor shall give Mortgagee prompt notice of any casualty affecting, or the institution of any proceedings for eminent domain or condemnation of, the Mortgaged Property. Mortgagee may participate in any such proceedings and is authorized, in its own name or in Mortgagor's name, to adjust, compromise or settle any loss covered by insurance or any condemnation claim. If no Default exists, Mortgagee shall participate in the adjustment of any loss which exceeds either \$100,000 or five percent (5%) of the then outstanding Principal. Mortgagee shall apply sums it receives hereunder first to all of its costs to obtain those sums, and then:

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(a) If less than a substantial portion of the Improvements have been taken or destroyed such that the destruction can, in the reasonable judgment of an architect selected by Mortgagor and reasonably approved by Mortgagee, be restored within 180 days after insurance are made available for such purpose, Mortgagee shall advance such proceeds solely for the restoration and repair of the Mortgaged Property (the "Restoration") so long as (i) no Default has occurred, (ii) the Mortgaged Property can, in Mortgagee's reasonable judgment, be restored at least six (6) months prior to the Maturity Date, (iii) in Mortgagee's reasonable judgment, upon Restoration (A) the value of the Mortgaged Property shall at least equal its value immediately prior to such casualty or condemnation and (B) the income will be sufficient to cover operating expenses of the Mortgaged Property and debt service on the Debt with the same debt service coverage ratio as reasonably determined by Mortgagee as existed as of the date hereof or immediately prior to such casualty or condemnation, whichever is greater, and (iv) there are sufficient sums available (through proceeds and contributions by Mortgagor deposited with Mortgagee) for the Restoration and for payment of all amounts to become due under the Loan Documents during the Restoration. Mortgagee shall make the proceeds or awards available to Mortgagor in the manner and upon such terms as would be required by a prudent interim construction lender. Following the completion of the Restoration, Mortgagee may apply any remaining proceeds or awards toward reduction of the Debt.

(b) If a substantial portion of the Improvements have been taken or destroyed such that the destruction cannot, in the reasonable judgment of an architect selected by Mortgagor and reasonably approved by Mortgagee, be restored within 180 days after insurance proceeds are made available for such purpose or Mortgagor fails to meet the requirements of clause (a) above, then, Mortgagee may, in its absolute discretion, accelerate the Maturity Date and declare any and all of the Debt immediately due and payable and apply the remainder of the sums received pursuant to this Section to the payment of the Debt in whatever order Mortgagee directs, with any remainder being paid to Mortgagor. In such event, the unpaid portion of the Debt shall remain in full force and effect and Mortgagor shall not be excused in the payment thereof. Partial payments received by Mortgagee, as described in the preceding sentence, shall be applied first to the final payment due under the Note and thereafter to installments due under the Note in the inverse order of their due date. If the Mortgaged Property shall be restored, Mortgagor shall promptly and diligently, and regardless of whether the proceeds or award shall be sufficient for such purpose, restore and repair the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such casualty or taking.

## ARTICLE III

### ENVIRONMENTAL MATTERS

3.1. Hazardous Waste and Other Substances. (a) Mortgagor represents to Mortgagee that, as of the date hereof: (i) except as disclosed in that certain environmental report entitled Phase I Environmental Assessment, dated October 6, 1999, and prepared by Aaron and Wright (the "Environmental Report"), to the best of Mortgagor's knowledge, none of Mortgagor, the Mortgaged Property, any Tenant nor the operations conducted thereon is or has at any time been in violation of, or otherwise exposed to any liability under, any state or federal law, rule or regulation or common law duty pertaining to human health, natural resources or the environment (collectively, "Environmental Laws"); (ii) except as disclosed in the Environmental Report, no



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hazardous or toxic substances, materials, or contaminants (including asbestos-containing materials, lead based paint, polychlorinated biphenyls, petroleum products or byproducts, flammable explosives, radioactive materials, infectious substances or raw materials which include hazardous constituents) whether or not included under Environmental Laws (collectively, "Hazardous Substances") or underground storage tanks are located on, in or under or have been handled, generated, stored, processed or disposed of on or released or discharged from the Mortgaged Property (including underground contamination), except for those substances used by Mortgagor or any Tenant in the ordinary course of business and in compliance with all Environmental Laws ("Permitted Materials"); (iii) the Mortgaged Property is not subject to any private or governmental lien arising under Environmental Laws; (iv) there is no pending, nor, to Mortgagor's knowledge, threatened litigation arising under Environmental Laws affecting Mortgagor or the Mortgaged Property; (v) to the best of Mortgagor's knowledge there has been no notice of any investigation or proceeding which could result in any liability, or any order in any way relating to any violation or liability arising, under any Environmental Laws; and (vi) there has been no claim by any party that a use or condition of the Mortgaged Property has caused a condition on any other property.

(b) Mortgagor shall comply with, and timely remedy any violation of, all Environmental Laws, and keep the Mortgaged Property free from Hazardous Substances (except Permitted Materials).

(c) Mortgagor shall promptly notify and keep Mortgagee informed with respect to (i) the actual or potential existence of any Hazardous Substances on the Mortgaged Property other than Permitted Materials, (ii) any violation relating to the Mortgaged Property or exposure under any Environmental Laws, or (iii) any condition which could render Mortgagor's representations untrue.

(d) Upon Mortgagee's request, following a Default, or at any time as Mortgagee believes that the Mortgaged Property or any Tenant is not conforming to the terms of this Article 3, Mortgagor shall perform an inspection or audit of the Mortgaged Property prepared by an environmental engineer or other appropriate consultant approved by Mortgagee regarding such matters as Mortgagee shall require. Mortgagee may order the same. Mortgagor grants to Mortgagee and its employees and agents access to the Mortgaged Property and an irrevocable license to undertake such inspection or audit and to do all things Mortgagee shall deem necessary to bring the Mortgaged Property into compliance with Environmental Laws.

## ARTICLE IV

### REPLACEMENT RESERVE

4.1. Replacement Reserve. (a) Mortgagor shall maintain a "Replacement Reserve" with Mortgagee to pay expenses in connection with work deemed capital improvements under generally accepted accounting principles (collectively, "Replacements"). On each Payment Date, Mortgagor shall pay to Mortgagee, a monthly deposit to the Replacement Reserve of \$2,503.20. If no Default exists, Mortgagee shall to the extent of funds in the Replacement Reserve disburse to Mortgagor the amount paid or incurred by Mortgagor in performing Replacements, within ten (10) days after Mortgagee's receipt of: (i) Mortgagor's

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written request for disbursement from the Replacement Reserve and certification of completion; (ii) evidence verifying the cost of the Replacements; (iii) for requests over \$10,000, (A) lien waivers or evidence that all contractors and materialmen furnishing material or labor have been paid in full and (B) an inspecting architect's or engineer's certification verifying completion and the value thereof; and (iv) for disbursement requests over \$50,000, proof of compliance with Applicable Laws, such as a new certificate of occupancy if required. Mortgagee shall not be required to disburse from the Replacement Reserve more frequently than once in any ninety (90) day period. Mortgagee may, at Mortgagor's expense, inspect the Mortgaged Property to determine the need for further Replacements not more than once in any calendar year unless a Default shall have occurred. If further Replacements are required, Mortgagor shall complete same within ninety (90) days after Mortgagee's written request.

(b) The Replacement Reserve funds shall be in interest bearing accounts of the type customarily maintained by Mortgagee or its servicing agent for same. All interest earned shall be added to the balance in the Replacement Reserve and disbursed pursuant to paragraph (a).

4.2. Reserves, General. (a) Mortgagor consents to each Reserve account being in Mortgagee's or its servicing entity's name and agrees that Mortgagee or at Mortgagee's election, such servicing agent, shall have exclusive control over each account. Mortgagor assumes all risk of loss with respect to amounts on deposit in the Reserves other than loss resulting solely from the willful misconduct of Mortgagee as finally determined by a court of competent jurisdiction. Mortgagor knowingly, voluntarily and intentionally agrees that the advancement of the funds from the Reserves as set forth herein is at Mortgagor's direction and is not the exercise by Mortgagee of any right of set-off or other remedy upon a Default. Mortgagor waives all right to withdraw funds from the Reserves except as provided for in this Mortgage. If an Event of Default shall occur, Mortgagee may, without notice or demand on Mortgagor, at its option: (i) withdraw any or all of the funds then remaining in the Reserves and apply the same to the Debt, after deducting all costs of safekeeping, collection and delivery, in such manner as Mortgagee shall deem appropriate in its sole discretion, and the excess, if any, shall be paid to Mortgagor, or (ii) exercise any and all rights and remedies of a secured party under any applicable UCC or available at law or in equity. No such use of the funds contained in the Reserves shall be deemed to cure any Default.

(b) At Mortgagee's option, the Reserves may either be held in a separate account or commingled with Mortgagee's general funds. Upon Mortgagee's assignment of this Mortgage, any funds in the Reserves shall be turned over to the assignee and any responsibility of Mortgagee, as assignor, with respect thereto shall terminate. If the funds in the applicable Reserve shall exceed the amount of payments actually applied by Mortgagee for the purposes and items for which the applicable Reserve is held, such excess may be credited by Mortgagee on subsequent payments to be made hereunder or, at the option of Mortgagee, refunded to Mortgagor. If, however, the applicable Reserve shall not contain sufficient funds to pay the sums required by the applicable due dates, Mortgagor shall, within ten (10) days after notice thereof, deposit with Mortgagee such deficiency. If Mortgagor fails to so deposit the deficiency, Mortgagee shall have the option, but not the obligation, to make such deposit.

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## ARTICLE V

### RENTS; LEASES; ALIENATION

5.1. Rents and Profits. Mortgagor absolutely and irrevocably assigns to Mortgagee all Rents and Profits, continuing in full force and effect during any period of foreclosure or redemption. Mortgagor grants to Mortgagee the sole, exclusive and immediate right, without taking possession of the Mortgaged Property to demand, collect and receive any and all of the Rents and Profits, for which purpose Mortgagor does irrevocably appoint Mortgagee its attorney-in-fact. Mortgagee shall have no liability for any loss which may arise from a failure to collect Rents and Profits. However, until the occurrence of an Event of Default, Mortgagor shall have a license to collect, receive and use the Rents and Profits.

5.2. Leases. (a) Mortgagor shall not enter into any Lease ("Major Lease") (i) greater than ten percent (10%) of the gross leaseable area of the Improvements or 10,000 square feet of the Mortgaged Property or (ii) with a term of ten (10) years or more without the prior approval of Mortgagee, not to be unreasonably withheld. Mortgagor shall specifically request approval in writing and furnish such information as Mortgagee shall reasonably require. Mortgagee shall approve or disapprove any such Major Lease within fifteen (15) business days after receipt of such written request and all requested information, otherwise such request shall be deemed approved.

(b) All Leases shall be (i) at a rental and on terms consistent with the terms for similar leases in the market area of the Premises and (ii) written on a standard form approved by Mortgagee. Mortgagor shall at all times promptly and faithfully perform its obligations and agreements contained in all Leases. Mortgagor shall furnish to Mortgagee, within ten (10) days after Mortgagee's request and by January 1 of each year, a current Rent Roll, certified by Mortgagor as being correct and complete. Mortgagor shall enforce all terms and conditions under the Leases. Mortgagor shall not, without the prior consent of Mortgagee, modify, terminate or accept the surrender of (x) any Major Leases without the prior consent of Mortgagee or (y) any other Lease except in the normal course of business and consistent with sound and customary leasing and management practices for similar properties. Mortgagor shall not permit or collect (other than security deposits) the prepayment of any Rents and Profits for more than one (1) month prior to the due date thereof.

5.3. Transfers; Further Encumbrances. (a) Unless specifically allowed herein, the following shall be an Event of Default: (i) a sale, conveyance, lease (except in accordance with Section 5.2), assignment, pledge, mortgage or other encumbrance or transfer of the Mortgaged Property, whether voluntary or involuntary (each, a "Transfer") without Mortgagee's prior consent, which consent may be withheld in Mortgagee's sole discretion, (ii) a Transfer of more than 49% (in one or more related transactions) of the outstanding capital stock of Mortgagor or any of its general partners or members or of the beneficial interest of a trust (or the issuance of new shares of capital stock of any of them (in one or a series of transactions) equal to 49% of the total capital stock then issued and outstanding immediately prior to such issuance), or (iii) a direct or indirect change in the ownership interests in, or the Transfer of all or any portion of the interest of Mortgagor or any general partner, any joint venturer or any member, either voluntarily, involuntarily or otherwise (whether in the form of a beneficial or partnership interest



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or in the form of a power of direction, control or management, or otherwise). However, (w) interests in Mortgagor (but not interests in a general partner or managing member) not exceeding, in the aggregate, 49% of the interest in Mortgagor, shall be transferable without Mortgagee's consent, to a person or entity which presently has an interest in Mortgagor, (x) limited partnership interests in Mortgagor or limited partnership interests in any general partner or member of Mortgagor shall be freely transferable without the consent of Mortgagee, (y) (i) any involuntary Transfer caused by death of a natural person and (ii) gifts for estate planning purposes of any individual's interests in Mortgagor or in any general partner or members or joint venturers to the spouse or any lineal descendant of such individual, or to a trust for such person's benefit, shall not be an Event of Default under this Mortgage so long as (1) Mortgagor is promptly reconstituted, and (2) those persons responsible for the management of the Mortgaged Property and Mortgagor remain unchanged as a result of such death or any replacement management is approved by Mortgagee. Notwithstanding anything to the contrary contained in this subparagraph (a), the restrictions on transfers of ownership interests shall not apply to (i) the issuance, sale, transfer or pledge of publicly or privately traded shares of Prime Group Realty Trust, a Maryland Real Estate Investment Trust ("Prime REIT") or (ii) the issuance, transfer or pledge of partnership interests in Prime Group Realty, L.P., a Delaware limited partnership ("Prime Realty"), provided that Prime REIT shall at all times be and remain the sole managing general partner of Prime Realty and, provided further, that Prime Realty shall at all times own no less than 99% of the member interests in Mortgagor.

5.4. Easements and Rights-of-Way. Mortgagor shall not grant any easement or right-of-way without Mortgagee's prior consent. The purchaser at any foreclosure sale may disaffirm any easement or right-of-way granted in violation of this Mortgage.

## ARTICLE VI

### PROPERTY MANAGEMENT

6.1. Management. Mortgagor, or an affiliate or professional property management company approved by Mortgagee, shall manage the Mortgaged Property in a first class manner. Mortgagor shall promptly notify Mortgagee of any default under any management contract. No manager shall be removed or replaced and no term of any management agreement shall be changed without Mortgagee's prior consent. After an Event of Default or a default under any management contract, Mortgagee may terminate, or direct Mortgagor to terminate, the management contract upon thirty (30) days' notice, and retain, or direct Mortgagor to retain, a new management agent approved by Mortgagee. The terms of the Manager's Consent and Subordination of Management Agreement ("Manager's Consent") executed by Mortgagor and by Prime Group Realty Services, Inc. as manager (the "Manager"), are incorporated herein as if fully restated herein. Any replacement property manager shall execute a Manager's Consent approved by Mortgagee.

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## ARTICLE VII

### INDEMNIFICATION

7.1. Indemnification. Mortgagor shall indemnify, defend and hold Mortgagee harmless from and against all liability, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses of any kind (including reasonable attorneys', consultants' and experts' fees and disbursements incurred in investigating, defending, settling or prosecuting any claim or proceeding) which may be asserted against or incurred by Mortgagee in connection with the Debt, this Mortgage, the other Loan Documents or the Mortgaged Property (collectively, "Claims"): (i) for brokerage, leasing, finders or similar fees, (ii) relating to the enforcement or exercise by Mortgagee of any rights or remedies related thereto, (iii) for damages or injury, including property damage, personal injury or wrongful death, arising out of or in connection with any accident or fire or other casualty on the Mortgaged Property, or (iv) arising directly or indirectly from (A) any violation or alleged violation of, or liability or alleged liability under, any Environmental Law; (B) the presence, release or threat of release of or exposure to any Hazardous Substances on, in, under or affecting the Mortgaged Property or any surrounding areas, regardless of whether or not caused by or within the control of Mortgagor; (C) any transport, treatment, recycling, storage, disposal or arrangement therefor of Hazardous Substances whether on, originating from, or otherwise associated with the Mortgaged Property, Mortgagor or any operations conducted on the Mortgaged Property at any time; (D) Mortgagor's failure to comply fully with Section 3.1; (E) the breach of any representation or warranty contained in Section 3.1; and (F) the enforcement of Section 3.1; provided, however, excluding Claims incurred by Mortgagee solely by reason of Mortgagee's willful misconduct or gross negligence. This indemnity shall also include any diminution in the value of the security afforded by the Mortgaged Property or any future reduction in the sales price of the Mortgaged Property by reason of any matter set forth in clause (iv) of this Section. Mortgagee's rights under this Section shall survive payment in full of the Debt and shall be in addition to all other rights of Mortgagee under this Mortgage and the other Loan Documents; provided, however, that Mortgagor shall not be deemed liable and shall not be required to indemnify Mortgagee for any Claims (1) directly caused by Mortgagee's willful misconduct or (2) relating to materials first introduced onto the Mortgaged Property or events occurring after the date on which Mortgagee (or its nominee or designee) or a purchaser at a foreclosure sale takes title to the Mortgaged Property through foreclosure sale, deed in lieu thereof or otherwise (collectively, "Exceptions to Liability") and, provided further, that Mortgagor shall have the burden of proving any Exceptions to Liability.

## ARTICLE VIII

### INSPECTIONS; REPORTING

8.1. Access and Inspections. Mortgagee shall, subject to the rights of Tenants, have free access to the Mortgaged Property and any location where books and records concerning the Mortgaged Property are kept at all reasonable times to inspect, examine, audit and copy same.

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8.2. Financial Statements, Books and Records. Mortgagor shall keep accurate books and records of the Mortgaged Property and its financial affairs sufficient for preparing financial statements in accordance with generally accepted accounting principles. Mortgagor shall provide Mortgagee the following financial statements and information certified correct and complete by Mortgagor: (a) all tax returns filed by Mortgagor, each general partner and managing member within thirty (30) days after filing; (b) quarterly operating statements for the Mortgaged Property, stated on a month-by-month basis including, rent rolls and physical occupancy statements, within thirty (30) days after the end of each calendar quarter; (c) annual financial statements for Mortgagor and each general partner or managing member in Mortgagor, within one hundred twenty (120) days after the end of each calendar year (certified by Mortgagor and prepared in accordance with generally accepted accounting principles); (d) annual balance sheets for the Mortgaged Property and annual financial statements for Prime Realty, within one hundred twenty (120) days after the end of each calendar year (prepared by independent certified accountants in accordance with generally accepted accounting principles); and (e) such other information with respect to the Mortgaged Property, Mortgagor, the principals or general partners or managing members in Mortgagor, and each Indemnitor, which may be reasonably requested from time to time by Mortgagee, within a reasonable time after the applicable request. If Mortgagor fails to provide any of the materials referred to above in this Section within twenty (20) days after the due date, Mortgagor shall incur a charge in the amount of One Thousand Five Hundred and 00/100 Dollars (\$1,500.00) payable on demand. It shall be an Event of Default, if (i) Mortgagor fails to provide any of the materials referred to in this Section within thirty (30) days after the due date, (ii) any materials or information shall be materially inaccurate or false, or (iii) Mortgagor fails to allow Mortgagee to inspect the books and records of the Mortgaged Property.

## ARTICLE IX

### WARRANTIES AND COVENANTS

9.1. Warranties of Mortgagor. Mortgagor represents to Mortgagee and agrees to that:

(a) Mortgagor has good, marketable and indefeasible fee simple title to the Mortgaged Property, subject only to (i) those matters expressly set forth as exceptions to title or subordinate matters in the title insurance policy insuring the lien of this Mortgage which Mortgagee has agreed to accept and (ii) such equipment leases as Mortgagee has approved or may approve in writing in Mortgagee's sole discretion, or which in the aggregate do not materially adversely affect the value or use of the Mortgaged Property or Mortgagor's ability to repay the Note (such items being the "Permitted Encumbrances"). Mortgagor has full power and lawful authority to mortgage its interest in the Mortgaged Property in the manner and form hereby done or intended. Mortgagor will preserve its interest in and title to the Mortgaged Property and will forever warrant and defend the same to Mortgagee against any and all claims whatsoever and will forever warrant and defend the validity and priority of the lien and security interest created herein against the claims of all persons and parties whomsoever, subject to the Permitted Encumbrances. There are no security agreements or financing statements affecting the Mortgaged Property other than as expressly accepted in writing by Mortgagee;

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(b) The execution, delivery and performance of this Mortgage and the other Loan Documents have been duly authorized by all necessary action and are binding and enforceable against Mortgagor in accordance with their terms and do not (i) constitute a breach or default under Mortgagor's organizational documents or any other agreement regarding Mortgagor or any of its property or (ii) violate any Applicable Law;

(c) Regarding the Mortgaged Property (i) to the best of Mortgagor's knowledge, its intended use complies in all material respects with all restrictive covenants, Environmental Laws and Applicable Laws, including zoning and building codes, and it constitutes one or more separate tax parcels for purposes of ad valorem taxation; (ii) it is served by all utility services necessary for its current or contemplated use; (iii) it is free from damage caused by fire or other casualty; (iv) no proceeding for the total or partial condemnation against the Mortgaged Property is pending or, to the best of Mortgagor's knowledge, threatened; and (v) except as expressly disclosed in the Engineering Report, the Improvements are structurally sound, in good repair and free of defects in materials and workmanship, all major building systems are in good working order and condition.

(d) All insurance required hereunder is in full force and effect and none of the premiums have been or at any time will be financed; and

(e) Mortgagor and the Mortgaged Property are free from any past due obligations for sales and payroll taxes.

9.2. Waste; Alteration of Improvements. Mortgagor shall (a) not commit or permit any waste on the Mortgaged Property, (b) maintain the Mortgaged Property in good condition and repair and (c) not materially alter any part of the Improvements.

9.3. Zoning. Mortgagor shall not make, consent to or acquiesce in any change in the zoning or use of the Mortgaged Property. Mortgagor shall comply with all existing and future Applicable Laws. Mortgagor shall operate the Mortgaged Property as an office complex.

9.4. Indebtedness, Operations, Fundamental Changes of Mortgagor. Mortgagor represents and agrees that, except to the extent otherwise permitted under the terms of that certain Agreement Regarding Prime Cash Management System, dated as of the date hereof, between Mortgagor and Mortgagee, Mortgagor:

(a) will not, nor will any partner, limited or general, member or shareholder thereof, as applicable, change its partnership certificate, partnership agreement, articles of incorporation, by-laws, operating agreement, articles of organization or other formation agreement, as applicable, in any manner which is material or adversely affects Mortgagor's existence as a single purpose entity;

(b) will not cause or permit any liquidation or dissolution, or any transaction of merger or consolidation, or acquire by purchase or otherwise any part of the business or assets of, or any stock or other evidence of beneficial ownership of, or make any investment in, any entity;

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(c) does not and will not own any asset other than the Mortgaged Property;

(d) is not engaging and will not engage, either directly or indirectly, in any business other than the ownership, management and operation of the Mortgaged Property;

(e) will not enter into any agreement with any general partner, member, principal, affiliate or any affiliate of any of them (each, a "Related Party"), except upon terms that are intrinsically fair, and the same as on an arms'-length basis with unrelated third parties;

(f) has not and will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (i) the Debt, (ii) debt from Related Parties, expressly approved by Mortgagee in its sole discretion, and (iii) ordinary course trade payables or expenses of the Mortgaged Property not more than 60 days old, and will not pledge or assign its assets for or become liable for any other obligation;

(g) has not made and will not make any loans or advances to any third party or Related Party;

(h) is and will be solvent and pay its debts from its assets as the same shall become due;

(i) has done and will do all things necessary to preserve its existence, and will observe all applicable formalities;

(j) will conduct its business in its own name and as presently conducted;

(k) will maintain financial statements, books and records and bank accounts separate from those of the Related Parties, and will file its own tax returns except that Borrower may be listed on the consolidated financial statements of Prime REIT so long as such statements contain footnotes or other information stating that Mortgagor's assets are owned by Mortgagor and are not available to pay creditors of Prime REIT;

(l) will be, and will hold itself out to the public as, a legal entity separate and distinct from any other entity (such as Related Parties);

(m) will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(n) will maintain an office separate and apart from those of the Related Parties or shall allocate fairly and reasonably any overhead and expense for office space shared with the Related Parties;

(o) will not commingle its assets with Related Parties' or any other person's;



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(p) has and will maintain its assets in a manner such that its individual assets can be segregated and identified from those of any Related Party or any other person without cost or difficulty;

(q) does not and will not hold itself out as responsible for any other person's debts or obligations;

(r) will pay any liabilities including salaries of its employees, out of its own funds and not funds of any Related Party; and

(s) will use stationery, invoices, and checks separate from the Related Parties.

## ARTICLE X

### FURTHER ASSURANCES

10.1. Performance of Obligation. Mortgagor shall punctually and promptly repay the Debt when due and perform and discharge all of its obligations in the Loan Documents.

10.2. Construction Liens. Mortgagor shall pay when due all claims for any work performed or materials delivered for the Mortgaged Property. Mortgagor may contest in good faith any claim by appropriate proceedings after notifying Mortgagee of such contest and, if Mortgagee requests, providing a bond, cash deposit or other security to fully protect Mortgagee's interests if unsuccessful.

10.3. Further Documentation. At Mortgagee's request, Mortgagor shall promptly (a) execute, acknowledge, deliver and file such further instruments, mortgages, deeds of trust, security agreements, financing statements, continuation statements and assignments and do such further acts deemed necessary, desirable or advisable by Mortgagee to carry out the purposes of this Mortgage and the other Loan Documents or to protect, continue or perfect the liens or the security interests; and (b) furnish to Mortgagee or any proposed assignee, a duly acknowledged written statement in form and substance supplied by Mortgagee, stating the amount of the Debt, whether any Default has occurred, whether any offsets or defenses to the Debt exist and such other matters as Mortgagee may require.

10.4. Payment of Costs. Mortgagor shall pay all costs and expenses of every character (a) incurred in connection with (i) the closing of the loan, (ii) the performance of Mortgagor's obligations under the Loan Documents and (iii) the administration and enforcement of the Loan Documents or (b) attributable or chargeable to Mortgagor as the owner of the Mortgaged Property, including all taxes and fees of every kind. Wherever this Mortgage or other Loan Documents provides that (x) Mortgagee may perform Mortgagor's obligations, such shall be at Mortgagor's expense unless otherwise expressly provided herein and (y) Mortgagor is responsible for reimbursing Mortgagee's costs, such shall include reasonable attorneys fees and expenses including Mortgagee's in-house and appellate counsel.

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10.5. Compliance with Laws. Mortgagor shall at all times comply with all statutes, ordinances, regulations and other governmental or quasi-governmental requirements and private covenants affecting or relating to the ownership, use or operation of the Mortgaged Property (collectively, "Applicable Law") unless Mortgagor obtains Mortgagee's prior consent and satisfies all of Mortgagee's reasonable conditions for such consent.

10.6. Attorney-in-Fact Provision. Mortgagor's grant to Mortgagee of a power-of-attorney under this Mortgage and any other Loan Document (a) shall be deemed irrevocable and coupled with an interest, and (b) shall, if no Event of Default exists, require three (3) days prior notice to Mortgagor before acting under such power.

## ARTICLE XI

### SECURITY PROVISIONS

11.1. Security Interest; Security Agreement. This Mortgage (a) creates a security interest in all personal property included within the Mortgaged Property and all other property covered under the UCC (collectively, "Collateral"), and (b) constitutes a security agreement under the Uniform Commercial Code of the state in which the Premises are located ("UCC"). To the extent permitted by law, the personal property is deemed a part of and affixed to the Premises and the Improvements. All of the Collateral shall be kept at the location of the Premises except as otherwise required by the terms of the Loan Documents. Any sale made pursuant hereto shall be deemed a public sale conducted in a commercially reasonable manner if held contemporaneously with, and upon giving the same notice as, a foreclosure sale as provided in Section 13.1(e) of the Mortgaged Property.

## ARTICLE XII

### DEFAULT

12.1. Events of Default. The occurrence of any of the following shall be an "Event of Default":

(a) Mortgagor fails to make payments of principal or interest as provided in the Note within seven (7) days of its due date (however, no grace period is provided for paying principal and interest due on the Maturity Date) or any other payment on or before the date such payment is due.

(b) Mortgagor fails to maintain insurance as required by Article 1.5 or fails to perform any covenant, agreement, obligation, term or condition set forth in Section 3.1, 5.3 or 9.4.

(c) Mortgagor fails to perform any other term or condition herein not otherwise described in this Section 12.1, and such failure can be cured but continues for thirty (30) days after notice thereof from Mortgagee to Mortgagor; provided, that if such failure can be cured but, despite reasonable diligence, not within such time, the time to cure shall be extended

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up to an additional sixty (60) days if Mortgagor has commenced and diligently pursues cure of the default.

(d) Any representation or warranty made in connection with the Loan or any of the Loan Documents by or on behalf of Mortgagor or any Indemnitor or Guarantor shall have been false or misleading in any material respect at the time made.

(e) A default occurs under any of the other Loan Documents which has not been cured within any applicable grace or cure period therein provided.

(f) (i) If Mortgagor shall (A) file a petition for relief under the Bankruptcy Reform Act of 1978, as amended or under any other present or future Applicable Law regarding bankruptcy, reorganization or other relief to debtors (collectively, "Debtor Relief Law"); (B) file any pleading in any involuntary proceeding under any Debtor Relief Law which admits the jurisdiction of a court over Mortgagor or the Mortgaged Property or the petition's material allegations regarding Mortgagor's insolvency; (C) make a general assignment for the benefit of creditors; (D) apply for, or there shall be appointed, a receiver, trustee, custodian or liquidator of Mortgagor or any of its property; (E) file (or there shall be a filing against Mortgagor) of a petition seeking the liquidation or dissolution of Mortgagor or the commencement of any other procedure to liquidate or dissolve Mortgagor, and (F) fail to obtain a dismissal of any involuntary proceeding under any Debtor Relief Law against Mortgagor within 45 days after the filing; and (ii) the occurrence of an event specified in any of clauses (ii)(A) through (F) above as to any general partner or managing member of Mortgagor, or any Indemnitor or guarantor of any of Mortgagor's obligations under the Loan Documents.

(g) The Mortgaged Property or any part thereof is taken on execution or other process of law in any action against Mortgagor.

## ARTICLE XIII

### REMEDIES

13.1. Remedies Available. Upon the occurrence of an Event of Default which has not been waived by Mortgagee, Mortgagee may, at its option, exercise any or all of the following rights or remedies, either successively or concurrently, all of which shall be cumulative, including:

(a) Acceleration. Declare any or all of the Debt to be immediately due and payable.

(b) Entry. Either in person or by agent, with or without bringing any proceeding, or by a receiver and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Property.

(c) Collect Funds. With or without taking possession of the Mortgaged Property, sue or otherwise collect the Rents and Profits, including those past due and unpaid.

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(d) Appoint Receiver. Apply to a court for appointment of a receiver, trustee, liquidator or conservator of the Mortgaged Property without notice to Mortgagor.

(e) Foreclosure. Commence an action to foreclose this Mortgage or to specifically enforce its provisions with respect to any of the Debt and sell or cause to be sold the Mortgaged Property in accordance with Applicable Law in one or more parcels. Mortgagee may bid the Debt and all other obligations secured by this Mortgage in a foreclosure sale hereunder.

(f) Judicial Remedies. Proceed by suit, at law or in equity, to enforce the payment of the Debt or the other obligations of Mortgagor under this Mortgage or the other Loan Documents and to have the Mortgaged Property sold under the judgment or decree of a court of competent jurisdiction.

(g) Other Remedies. Exercise any other right or remedy available under the Loan Documents, at law or in equity.

13.2. Application of Proceeds. The proceeds of any sale under this Mortgage shall be applied in such order as Mortgagee in its discretion may determine: the expenses of taking possession of the Mortgaged Property, and of operating, repairing and selling the same and enforcing Mortgagee's rights and remedies under the other Loan Documents; all sums expended by Mortgagee under the terms of the Loan Documents, with interest thereon at the Default Rate; and the Debt.

13.3. Authority; Power of Attorney. After entry upon the Mortgaged Property or appointment of a receiver, Mortgagee, said receiver, or other persons as they may engage, may do any acts which Mortgagee or the receiver in its sole discretion deems appropriate or desirable to protect the security of and effectuate this Mortgage, such as (a) take possession and control of the Mortgaged Property and books and records; (b) exclude Mortgagor and its agents from the Mortgaged Property; (c) manage, preserve, maintain and make repairs and alterations to the Mortgaged Property; (d) enter into Leases, under terms as Mortgagee may in its sole discretion determine, and (e) collect, receive and sue for Rents and Profits, evict tenants or repossess property.

13.4. Occupancy After Foreclosure. Following foreclosure or if Mortgagee, a receiver or trustee or anyone engaged thereby takes possession of the Mortgaged Property, at such party's election, Mortgagor and any Related Party occupying the Mortgaged Property shall become a day-to-day tenant, terminable at will, at a rent per day equal to the higher of (a) any rent under a valid lease with Mortgagor or (b) the fair value of the Mortgaged Property occupied. Mortgagor may be evicted by summary or other proceedings if it fails to surrender possession upon termination of its occupancy.

13.5. Right to Cure; Payment of Expenses. Mortgagor grants Mortgagee and its agents access to the Mortgaged Property and a license to do all things Mortgagee deems necessary to cure any Default, including to enter the Mortgaged Property to cure such Default (without thereby becoming liable to Mortgagor or any other) and to advance funds and make such payments as Mortgagee in its sole discretion deems necessary or desirable to protect and preserve the Mortgaged Property and its security interest. All advances made and all costs

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incurred by Mortgagee in connection with the foregoing or any efforts to enforce any terms of this Mortgage, whether or not any lawsuit is filed or a foreclosure is commenced, shall constitute a portion of the Debt and be secured hereby, and shall be due and payable on demand with interest at the Default Rate from the earlier of the date on which (x) Mortgagee incurs such cost or (y) an Event of Default occurs until the date repaid to Mortgagee.

13.6. Mortgagor's Waivers. To the extent permitted by law, Mortgagor waives all rights (a) of valuation, appraisal, stay of execution, reinstatement and notice of election or intention to mature or declare due the Debt (except notices specifically provided for herein); (b) to marshaling Mortgagor's assets, including the Mortgaged Property; (c) to assert counterclaims and statutes of limitation as a defense to any action to enforce this Mortgage and periods of redemption provided under Applicable Law; and (d) to claim or recover against Mortgagee, or anyone acting on behalf or in the name of Mortgagee, for loss arising from Mortgagee's gross negligence or willful conduct.

13.7. Submission to Jurisdiction; Waiver of Jury Trial. MORTGAGOR VOLUNTARILY (a) SUBMITS TO PERSONAL JURISDICTION IN THE STATE IN WHICH THE PREMISES IS LOCATED OVER ANY ACTION OR PROCEEDING BY ANY PERSON ARISING FROM OR RELATING TO THE NOTE, THIS MORTGAGE OR ANY OTHER LOAN DOCUMENTS, (b) AGREES THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION SITTING IN THE COUNTY IN WHICH THE PREMISES IS LOCATED, (c) SUBMITS TO THE JURISDICTION OF SUCH COURTS, (d) AGREES THAT IT WILL NOT BRING ANY ACTION OR PROCEEDING IN ANY OTHER FORUM, (e) WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON OR IN ANY WAY RELATING DIRECTLY OR INDIRECTLY TO THE DEBT.

## ARTICLE XIV

### MISCELLANEOUS TERMS AND CONDITIONS

14.1. Miscellany. (a) Notices. All consents, approvals, notices or other communications hereunder shall be in writing and shall be deemed to have been validly given (i) upon delivery if delivered in person, (ii) one (1) business day after depositing the same with a reputable private courier service or (iii) three (3) business days after depositing the same in the United States mail and sent by registered or certified mail, return receipt requested, to the addressee at its address on page one of this Mortgage or at such other address as may hereafter be designated by such party.

(b) Successors and Assigns; Joint and Several Liability. The terms hereof shall bind Mortgagor and its successors and assigns and shall constitute covenants running with the land and shall inure to the benefit of Mortgagee and its successors and assigns, including any lawful holder, owner, pledgee or participant of any of the Debt. Each Mortgagor hereunder is jointly and severally liable to perform Mortgagor's obligations.

(c) Severability. A determination that any provision of this Mortgage is unenforceable or invalid shall not affect the enforceability or validity of any other provision.

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(d) Certain Terms. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein: (i) the terms "Improvements," "Mortgaged Property," and "Premises" shall be construed as if followed by the phrase "or any portion thereof or interest therein," (ii) "include" and similar terms shall be construed as if followed by the phrase "without limitation," and (iii) words in the singular shall include the plural, and vice versa.

(e) Performance. All obligations of Mortgagor under the Loan Documents shall be performed to the reasonable satisfaction of Mortgagee. All statements, items, documents and any other information required hereunder to be submitted to Mortgagee shall be in form and substance reasonable satisfactory to Mortgagee, unless otherwise specifically provided.

(f) Waiver; Discontinuance of Proceedings. An Event of Default cannot be waived except in writing by Mortgagee. Mortgagee may cure any Event of Default by Mortgagor hereunder without waiving the Event of Default remedied. Neither Mortgagee's failure or delay in exercising any right or remedy upon any Event of Default by Mortgagor hereunder shall be a waiver of such Event of Default. Acceptance by Mortgagee of any payment in an amount less than the amount then due shall not in any way affect the existence of an Event of Default.

(g) Governing Law. THIS MORTGAGE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE PREMISES IS LOCATED WITHOUT REGARD TO ITS CONFLICTS OF LAWS RULES.

(h) Counting of Days. The term "business day" when used herein shall mean a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in the state in which the Premises are located and in New York, New York are authorized by law to be closed.

(i) Relationship of the Parties. The relationship between Mortgagor and Mortgagee is that of a borrower and a lender only and neither of those parties is, nor shall it hold itself out to be the agent or partner of the other party.

(j) Cross Default. A Default hereunder is a default under the other Loan Documents.

(k) No Merger. The lien hereof shall not merge in fee simple title to the Mortgaged Property.

(l) Rights With Respect to Junior Encumbrances. Without implying any right to do so, any person or entity purporting to have or to take a junior mortgage or other lien upon the Mortgaged Property shall be subject to the rights of Mortgagee to amend, increase, extend the term or supplement this Mortgage, the Note or any of the other Loan Documents.

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(m) Fixture Filing. This Mortgage shall be effective from the date of its recording as a financing statement filed as a fixture filing with respect to all goods constituting part of the Mortgaged Property which are or are to become fixtures.

(n) Counterpart. This Mortgage may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall together constitute one instrument.

(o) Recording and Filing. Mortgagor will cause the Loan Documents and all amendments thereto and substitutions therefor to be recorded and filed in such manner and in such places as Mortgagee shall reasonably request, and will pay all recording and filing Taxes and fees.

(p) Entire Agreement and Modifications. This Mortgage and the other Loan Documents contain the entire agreements between the parties relating to the subject matter hereof and thereof and all prior agreements relative hereto and thereto which are not contained herein or therein are terminated. This Mortgage and the other Loan Documents may not be amended or terminated orally but only by a written instrument or instruments executed by the party against which enforcement is asserted.

THE FOLLOWING RIDERS ANNEXED HERETO ARE A PART OF THIS MORTGAGE:

- ACM Rider
- O&M Plan Rider
- Repair and Remediation Reserve Rider
- Insurance Rider
- Specific State Provisions Rider

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IN WITNESS WHEREOF, Mortgagor has executed this Mortgage on the day and year first written above.

**MORTGAGOR:**

2305 ENTERPRISE DRIVE, L.L.C., a  
Delaware limited liability company

By: Prime Group Realty, L.P., a  
Delaware limited partnership,  
its sole member

By: Prime Group Realty Trust, a  
Maryland real estate investment trust,  
its managing general partner

By: \_\_\_\_\_

Name:

Title:

**Louis G. Conforti**  
**Executive Vice President**

Property of Cook County Clerk's Office

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## ACKNOWLEDGMENT

STATE OF Illinois )  
COUNTY OF Cook ) SS:

I, Rita M. Overend a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Louis G. Conforte Exec VP of Prime Group Realty Trust, a Maryland real estate investment trust, the managing general partner of Prime Group Realty, L.P., a Delaware limited partnership, which limited partnership is the sole member of 2305 ENTERPRISE DRIVE, L.L.C., a Delaware limited liability company, is personally known to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his/her own free and voluntary act and as the free and voluntary act of said realty trust, limited partnership and limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial Seal this 6 day of January, 2000.

Rita M. Overend  
Notary Public

OFFICIAL SEAL  
RITA M. OVEREND  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES 4-19-2003

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EXHIBIT A

## Legal Description

**STREET ADDRESS:** 2305 ENTERPRISE DRIVE

**CITY:** WESTCHESTER

**COUNTY:** COOK

**TAX NUMBER:** 15-30-205-001-0000, 15-30-205-002-0000

### LEGAL DESCRIPTION:

#### PARCEL 1:

THE SOUTHERLY 75.50 FEET OF LOT 1 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915, IN COOK COUNTY, ILLINOIS.

#### PARCEL 2:

LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915, (EXCEPT 'TRACT A', 'TRACT B', 'TRACT C' AND 'TRACT D'), DESCRIBED AS FOLLOWS:

#### EXCEPTION TRACT A:

THE SOUTHERLY 67.00 FEET OF THE WESTERLY 201.39 FEET (AS MEASURED THE SOUTHERLY LINE) OF LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915;

#### EXCEPTION TRACT B:

THE SOUTHERLY 67.00 FEET OF THE EASTERLY 255.08 FEET (AS MEASURED ALONG THE SOUTHERLY LINE) OF LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915;

#### EXCEPTION TRACT C:

THE NORTHERLY 32.50 FEET OF THE WESTERLY 217.00 FEET OF LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915;

#### EXCEPTION TRACT D:

THE NORTHERLY 32.50 FEET TO THE EASTERLY 205.83 FEET (AS MEASURED ALONG THE NORTHERLY LINE) OF LOT 2 IN ENTERPRISE CENTRE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED ON AUGUST 4, 1989 AS DOCUMENT 89357915) ALL IN COOK COUNTY, ILLINOIS.

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## ACM RIDER

If the Environmental Report disclosed ACM's in the Mortgaged Property:

Mortgagor covenants and agrees to institute, within thirty (30) days after the date hereof, an operations and maintenance program (the "Maintenance Program") designed by an environmental consultant, satisfactory to Mortgagee, with respect to asbestos containing materials ("ACM's"), consistent with "Guidelines for Controlling Asbestos-Containing Materials in Buildings" (USEPA, 1985) and other relevant guidelines, and such Maintenance Program will hereafter continuously remain in effect until the Debt secured hereby is repaid in full. In furtherance of the foregoing, Mortgagor shall inspect and maintain all ACM's on a regular basis and ensure that all ACM's shall be maintained in a condition that prevents exposure of occupants to ACM's at all times. Without limiting the generality of the preceding sentence, Mortgagee may require (i) periodic notices or reports to Mortgagee in form, substance and at such intervals as Mortgagee may specify, (ii) an amendment to such operations and maintenance program to address changing circumstances, laws or other matters, (iii) at Mortgagor's sole expense, supplemental examination of the Mortgaged Property by consultants specified by Mortgagee, and (iv) variation of the operations and maintenance program in response to the reports provided by any such consultants.

## O & M PLAN RIDER

If, prior to the date hereof, it was determined that the Mortgaged Property contains Lead Based Paint, Mortgagor had prepared an assessment report describing the location and condition of the Lead Based Paint (a "Lead Based Paint Report"). If, at any time hereafter, Lead Based Paint is suspected of being present on the Mortgaged Property, Mortgagor agrees, at its sole cost and expense and within twenty (20) days thereafter, to cause to be prepared a Lead Based Paint Report prepared by an expert, and in form, scope and substance, acceptable to Mortgagee.

Mortgagor agrees that if it has been, or if at any time hereafter it is, determined that the Mortgaged Property contains Lead Based Paint, on or before thirty (30) days following (i) the date hereof, if such determination was made prior to the date hereof or (ii) such determination, if such determination is hereafter made, as applicable, Mortgagor shall, at its sole cost and expenses, develop and implement, and thereafter diligently and continuously carry out (or cause to be developed and implemented and thereafter diligently and continually to be carried out), an operations, abatement and maintenance plan for the Lead Based Paint on the Mortgaged Property, which plan shall be prepared by an expert, and be in form, scope and substance, acceptable to Mortgagee (together with any Lead Based Paint Report, the "O&M Plan"). If an O&M Plan has been prepared prior to the date hereof, Mortgagor agrees to diligently and continually carry out (or cause to be carried out) the provisions thereof. Compliance with the O&M Plan shall require or be deemed to require, without limitation, the proper preparation and maintenance of all records, papers and forms required under the Environmental Laws.

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## INSURANCE RIDER

Subject to the provisions contained in Section 1.5 of the Mortgage, Mortgagor shall, at Mortgagor's expense, maintain in force and effect on the Mortgaged Property at all times the following insurance:

(a) Insurance against loss or damage to the Mortgaged Property by fire, windstorm, lightning, tornado and hail and against loss and damage by such other, additional risks as may be now or hereafter embraced by an "all-risk" form of insurance policy. The amount of such insurance shall be not less than one hundred percent (100%) of the full replacement cost (insurable value) of the Improvements (as established by an MAI appraisal), without reduction for depreciation. The determination of the replacement cost amount shall be adjusted annually to comply with the requirements of the insurer issuing such coverage or, at Mortgagee's election, by reference to such indices, appraisals or information as Mortgagee determines in its reasonable discretion in order to reflect increased value due to inflation. In addition, each policy shall contain inflation guard coverage. Full replacement cost, as used herein, means, with respect to the Improvements, the cost of replacing the Improvements without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor. Mortgagor shall also maintain insurance against loss or damage to furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Mortgaged Property and owned by Mortgagor from time to time to the extent applicable.

(b) Commercial General Liability Insurance against claims for personal injury, bodily injury, death and property damage occurring on, in or about the Premises or the Improvements in amounts not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate plus umbrella coverage in an amount not less than \$2,000,000. Mortgagee hereby retains the right to periodically review the amount of said liability insurance and to require an increase in the amount of said liability insurance should Mortgagee deem an increase to be reasonably prudent under then existing circumstances.

(c) Boiler and machinery insurance (including explosion coverage), if steam boilers or other pressure-fired vessels are in operation at the Premises. Minimum liability coverage per accident must equal the greater of the replacement cost (insurable value) of the Improvements housing such boiler or pressure-fired machinery or \$2,000,000. If one or more HVAC units is in operation at the Premises, "Systems Breakdowns" coverage shall be required, as determined by Mortgagee. Minimum liability coverage per accident must equal the replacement value of such unit(s).

(d) If the Improvements or any part thereof is situated in an area designated by the Federal Emergency Management Agency ("FEMA") as a special flood hazard area (Zone A or Zone V), flood insurance in an amount equal to the lesser of: (a) the minimum amount required, under the terms of coverage, to compensate for any damage or loss on a replacement basis (or the unpaid balance of the Debt if replacement cost coverage is not available for the type of building insured), or (b) the maximum insurance available under the appropriate National

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Flood Insurance Administration program. The maximum deductible shall be \$10,000 per building or a higher minimum amount as required by FEMA or other applicable law.

(e) During the period of any construction, renovation or alteration of the existing Improvements which exceeds the lesser of 10% of the principal amount of the Note or \$500,000, at Mortgagee's request, a completed value, "All Risk" Builder's Risk form or "Course of Construction" insurance policy in non-reporting form, in an amount approved by Mortgagee. During the period of any construction of any addition to the existing Improvements, a completed value, "All Risk" Builder's Risk form or "Course of Construction" insurance policy in non-reporting form, in an amount approved by Mortgagee, shall be required.

(f) Worker's Compensation and Employer's Liability Insurance covering all appropriate persons.

(g) Business income (loss of rents) insurance in amounts sufficient to compensate Mortgagor for all Rents and Profits and other income during a period of not less than twelve (12) months. The amount of coverage shall be adjusted annually to reflect the Rents and Profits or income payable during the succeeding twelve (12) month period.

(h) Such other insurance on the Mortgaged Property or on any replacements or substitutions thereof or additions thereto as may from time to time be required by Mortgagee against other insurable hazards or casualties which at the time are commonly insured against in the case of property similarly situated including, without limitation, sinkhole, mine subsidence, earthquake and environmental insurance, due regard being given to the height and type of Improvements, their construction, location, use and occupancy.

All such insurance shall (i) be with insurers fully licensed and authorized to do business in the state within which the Premises is located and which have and maintain a rating of 'A-', 'VII' or better in the current Best's Insurance Reports or with a claims paying ability rating of 'A' or better by Standard & Poor's Rating Group, (ii) contain the complete address of the Premises (or a complete legal description), (iii) be for terms of at least one year, with premium prepaid, and (iv) be subject to the reasonable approval of Mortgagee as to insurance companies, amounts, content, forms of policies and expiration dates, and (v) include a standard, non-contributory, mortgagee clause naming EXACTLY:

DEUTSCHE BANC MORTGAGE CAPITAL, L.L.C.,  
its successors and assigns, ATIMA  
31 West 52nd Street  
10th Floor  
New York, New York 10019

(a) as an additional insured under all liability insurance policies, (b) as the first mortgagee and loss payee on all property insurance policies and (c) as the loss payee on all loss of rents or loss of business income insurance policies.

Mortgagor shall deliver to Mortgagee certificates and policies evidencing the insurance required to be maintained hereunder at least thirty (30) days before any such insurance shall expire. Mortgagor further agrees that each such insurance policy: (i) shall provide for at

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least thirty (30) days' prior notice to Mortgagee prior to any policy reduction or cancellation for any reason other than non-payment of premium and at least ten (10) days' prior notice to Mortgagee prior to any cancellation due to non-payment of premium; (ii) shall contain an endorsement or agreement by the insurer that any loss shall be payable to Mortgagee in accordance with the terms of such policy notwithstanding any act or negligence of Mortgagor or any other person which might otherwise result in forfeiture of such insurance; (iii) shall waive all rights of subrogation against Mortgagee; (iv) in the event that the Premises or the Improvements constitutes a legal non-conforming use under applicable building, zoning or land use laws or ordinances, shall include an ordinance and law coverage endorsement which will contain Coverage A: "Loss Due to Operation of Law" (with a minimum liability limit equal to Replacement Cost With Agreed Value Endorsement), Coverage B: "Demolition Cost" and Coverage C: "Increased Cost of Construction" coverages; (v) unless otherwise specified above, shall have a maximum deductible of \$10,000; (vi) shall contain a replacement cost endorsement and either an agreed amount endorsement (to avoid the operation of any co-insurance provisions) or a waiver of any co-insurance provisions, all subject to Mortgagee's approval; and (vii) may be in the form of a blanket policy, provided that, Mortgagor hereby acknowledges and agrees that failure to pay any portion of the premium therefor which is not allocable to the Mortgaged Property or any other action not relating to the Mortgaged Property which would otherwise permit the issuer thereof to cancel the coverage thereof, would require the Mortgaged Property to be insured by a separate, single-property policy and the blanket policy must properly identify and fully protect the Mortgaged Property as if a separate policy were issued for 100% of Replacement Cost at the time of loss and otherwise meet all of Mortgagee's applicable insurance requirements set forth in this Rider. The delivery to Mortgagee of the insurance policies or the certificates of insurance as provided above shall constitute an assignment of all proceeds payable under such insurance policies relating to the Mortgaged Property by Mortgagor to Mortgagee as further security for the Debt. In the event of the foreclosure of this Mortgage, or other transfer of title to the Mortgaged Property in extinguishment in whole or in part of the Debt, all right, title and interest of Mortgagor in and to all proceeds payable under such policies then in force concerning the Mortgaged Property shall thereupon vest in the purchaser at such foreclosure, or in Mortgagee or other transferee in the event of such other transfer of title. Approval of any insurance by Mortgagee shall not be a representation of the solvency of any insurer or the sufficiency of any amount of insurance. In the event Mortgagor fails to provide, maintain, keep in force or deliver and furnish to Mortgagee the policies of insurance required by this Mortgage or evidence of their replacement or renewal as required herein, Mortgagee may, but shall not be obligated to, procure such insurance and Mortgagor shall pay all amounts advanced by Mortgagee therefor, together with interest thereon at the Default Interest Rate from and after the date advanced by Mortgagee until actually repaid by Mortgagor, promptly upon demand by Mortgagee. Mortgagee shall not be responsible for nor incur any liability for the failure of the insurer to perform, even though Mortgagee has caused the insurance to be placed with the insurer after failure of Mortgagor to furnish such insurance. Mortgagor shall not obtain insurance for the Mortgaged Property in addition to that required by Mortgagee without the prior consent of Mortgagee, which consent will not be unreasonably withheld provided that (i) Mortgagee is a named insured on such insurance, (ii) Mortgagee receives complete copies of all policies evidencing such insurance, and (iii) such insurance complies with all of the applicable requirements set forth herein.



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## SPECIFIC STATE PROVISIONS RIDER

With respect to the Mortgaged Property which is located in the State of Illinois, notwithstanding anything contained herein to the contrary:

(a) Fixture Filing. This Mortgage is hereby entitled "Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing". The following legend is hereby added to the first page hereof:

"THIS INSTRUMENT IS EFFECTIVE AND SHALL REMAIN EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO ALL GOODS WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL ESTATE HEREIN DESCRIBED AND IS TO BE FILED FOR RECORD OR REGISTERED IN THE REAL ESTATE RECORDS OF COOK COUNTY, ILLINOIS. THE MAILING ADDRESS OF MORTGAGEE AND THE ADDRESS OF MORTGAGOR ARE SET FORTH WITHIN. A PHOTOGRAPHIC OR OTHER REPRODUCTION OF THIS INSTRUMENT OR ANY FINANCING STATEMENT RELATING TO THIS INSTRUMENT SHALL BE SUFFICIENT AS A FINANCING STATEMENT."

(b) Maturity Date. In first paragraph on page 1 hereof, the following is hereby inserted after the words "the Promissory Note in the principal amount ("Principal") of \$5,450,00.00 ("Note"),":

"which Note provides, among other things, for final payment of principal and interest under the Note, if not sooner paid or payable as provided therein, to be due on March 1, 2001,"

(c) Maximum Amount Secured Hereby. In first paragraph on page 1 hereof, the following is hereby inserted after the words "this Mortgage and the other Loan Documents (collectively, "Debt"),":

“, provided, however, that the Debt secured hereby shall in no event exceed an amount equal to three hundred percent (300%) of the face amount of the Note,”

(d) Waiver of Statutory Rights. Mortgagor hereby waives, to the extent now or hereafter permitted by law, all rights of redemption and reinstatement of this Mortgage pursuant to the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15 1101 et seq. (1992) ("IMFL"), on behalf of itself and all those taking by, through or under Mortgagor. Mortgagor acknowledges that the Mortgaged Property does not constitute agricultural real estate, as defined in Section 15-1201 of IMFL or residential real estate as defined in Section 15-1219 of IMFL.

(e) Compliance With Illinois Mortgage Foreclosure Law. In the event that any provision of this Mortgage shall be inconsistent with any provision of IMFL, the provisions

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of IMFL shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with IMFL. If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon any Event of Default by Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under IMFL in the absence of said provision, Mortgagee shall be vested with the rights granted in IMFL to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under IMFL, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in this Mortgage, shall be added to the Debt secured by this Mortgage or by the judgment of foreclosure.

(f) Illinois Responsible Property Transfer Act. Mortgagor covenants and agrees that the Mortgaged Property does not constitute "real property" as such term is defined under the Illinois Responsible Property Transfer Act of 1998, 765 ILCS 90/3 (1992) et seq., as now or hereafter amended or recodified ("RPTA") and that neither the making of the loan secured hereby nor the granting of a lien or security interest in the Mortgaged Property to Mortgagee is subject to RPTA.

(g) Financing Statement. This Mortgage also constitutes a financing statement for the purpose of Section 9-402 of the Illinois Uniform Commercial Code (Illinois Revised Statutes, Section 26) and shall constitute a "fixture filing" under such statutes and shall be filed in the real estate records of Cook County, Illinois.

(i) Name of Debtor: 2305 ENTERPRISE DRIVE, L.L.C.  
Debtor's Mailing Address: c/o Prime Group Realty Trust  
77 West Wacker Drive, Suite 3900  
Chicago, Illinois 60601  
Address of Mortgaged Property: Enterprise Center II  
2305-2315 Enterprise Drive  
Westchester, Illinois 60154-5802  
Name of Secured Party: Deutsche Banc Mortgage Capital,  
L.L.C.  
Address of Secured Party: 31 West 52nd Street, 10th floor  
New York, New York 10019

(ii) This financing statement covers the following types or items of property: the property described in this instrument, and all other items of personal property now or at any time hereafter owned by Mortgagor and used in connection with the Mortgaged Property.

(iii) Some of the above goods are or are to become fixtures on the real property described herein. Mortgagor is the record owner of the real property described herein upon which the foregoing fixtures and other items and types of property are located."

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(h) Use of Loan Proceeds. Mortgagor covenants and agrees that all of the proceeds of the Note secured by this Mortgage will be used solely for business purposes and in furtherance of the regular business affairs of Mortgagor, and the entire principal obligation secured hereby constitutes: (i) a "business loan" as that term is defined in, and for all purposes of, the Illinois Interest Act, Section 815 ILCS 205/4(1)(c); and (ii) "a loan secured by a mortgage on real estate" within the purview and operation of Section 815 ILCS 205/4(1)(l).

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

(j) Insurance. Wherever provision is made in this Mortgage for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of Mortgagee shall continue in Mortgagee as judgment creditor or mortgage until confirmation of sale.

(k) Protective Advances. (i) All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by IMFL (collectively "Protective Advances") shall have the benefit of all applicable provisions of IMFL, including those provisions of IMFL hereinbelow referred to:

(A) all advances by Mortgagee in accordance with the terms of this Mortgage to: (1) preserve or maintain, repair, restore or rebuild the improvements upon the Premises; (2) preserve the lien of this Mortgage or the priority thereof; or (3) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 15-1302 of IMFL;

(B) payments by Mortgagee of: (1) when due installments of principal, interest or other obligations in accordance with the terms of any prior lien or encumbrance; (2) when due installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Mortgaged Property or any party thereof; (3) other obligations authorized by Mortgagee; or

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(4) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 15-1505 of IMFL;

(C) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under any prior liens;

(D) attorneys' fees and other costs incurred: (1) in connection with the foreclosure of this Mortgage as referred to in Sections 15-1504(d)(2) and 15-1510 of IMFL; (2) in connection with any action, suit or proceeding brought by or against Mortgagee for the enforcement of this Mortgage or arising from the interest of Mortgagee hereunder; or (3) in the preparation for the commencement or defence of any such foreclosure or other action related to this Mortgage or the Mortgaged Property;

(E) Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 15-1508 of IMFL;

(F) expenses deductible from proceeds of sale as referred to in subsections (a) and (b) of Section 15-1512 of IMFL;

(G) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (1) if the Mortgaged Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof which are required to be paid; (2) if Mortgagee's interest in the Mortgaged Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (3) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or Mortgagee takes possession of the Mortgaged Property imposed by Subsection (c)(1) of Section 15-1704 of IMFL; (4) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (5) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Property or required to be made by the owner of the mortgaged real estate under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (6) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member in any way affecting the Mortgaged Property; (7) if the loan secured hereby is a construction loan, costs incurred by Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment, loan agreement or other agreement; (8) pursuant to any lease or other agreement for occupancy of the Improvements for amounts required to be paid by mortgagor; and (9) if this Mortgage is insured, payments of FHA or private mortgage insurance required to keep insurance in force.

(ii) All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with

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interest thereon from the date of the advance until paid at the rate due and payable after a default under the terms of the Note.

(iii) This Mortgage shall be lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 15-1302 of IMFL.

(iv) All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of IMFL, apply to and be included in:

(A) determination of the amount of indebtedness secured by this Mortgage at any time;

(B) the indebtedness found due and owing to this Mortgage in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

(C) if right of redemption has not been waived by Mortgagor in this Security Agreement, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 15-1603 of IMFL;

(D) determination of the amount deductible from sale proceeds pursuant to Section 15-1512 of IMFL;

(E) application of income in the hands of any receiver or mortgagee in possession; and

(F) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 15-1508 and 15-1511 of IMFL.

(I) Mortgagee In Possession. In addition to any provision of this Mortgage authorizing Mortgagee to take or be placed in possession of the Mortgaged Property, or for the appointment of a receiver, Mortgagee shall have the right, in accordance with Sections 15-1701 and 15-1702 of IMFL, to be placed in possession of the Mortgaged Property or at its request to have a receiver appointed, and such receiver, or Mortgagee, if and when placed in possession, shall have, in addition to any other powers provided in this Mortgage, all powers, immunities, and duties as provided for in Sections 15-1701 and 15-1703 of IMFL.

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