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Cook County Recorder 95.50



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PREPARED BY,
RECORDING REQUESTED
BY AND WHEN RECORDED
MAIL TO:

Jill J. Nace
c/o Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603



MORTGAGE

by

6-12 SCOTT COOPERATIVE APARTMENTS, INC.
as Borrower

for the benefit of

THE NORTHERN TRUST COMPANY,
as Lender

Property Known As

6-12 East Scott Street
Chicago, Illinois

12789236 01709574

1st AMERICAN TITLE order #

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not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), the Clean Air Act, as amended (42 U.S.C. Sections 7401, et seq.), the Clean Water Act, as amended (33 U.S.C. Sections 1251, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601 et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. Sections 300(f) et seq.), the Atomic Energy Act, as amended (42 U.S.C. Sections 2011 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. Sections 136 et seq.), the Occupational Safety and Health Act, as amended (29 U.S.C. Sections 651 et seq.), and the regulations adopted and publications promulgated pursuant thereto.

"Events of Default" means the events and circumstances described as such in Section 2.01 hereof.

"Hazardous Materials" means any substance, material or waste which is regulated by any federal, state or local governmental or quasi-governmental authority, and includes, without being limited to, (a) any substance, material or waste defined, used or listed as a "hazardous waste", "extremely hazardous waste", "restricted hazardous waste", "hazardous substance", "hazardous material", "toxic substance" or other similar or related terms as defined, used or listed in any Environmental Law, (b) any petroleum products, asbestos, polychlorinated biphenyls, flammable explosives or radioactive materials, (c) any additional substances or materials which are now or hereafter hazardous or toxic substances under any Environmental Law relating to the Premises and (d) as of any date of determination, any additional substances or materials which are hereafter incorporated in or added to the definition of "hazardous substance" for purposes of any Environmental Law.

"Improvements" means all improvements, structures or buildings, and replacements and alterations thereof, to be erected or now or hereafter located upon the Premises including all plant equipment, apparatus, machinery and fixtures of every kind and nature whatsoever forming part of said improvements, structures or buildings.

"Laws" means any and all present and future federal, state or local laws, statutes, codes, ordinances, rules, regulations, permits, consents, approvals, licenses, judgments, orders, writs, decrees, policies, injunctions or other restrictions or requirements of any governmental authority, court or tribunal applicable or related in any way to, or having jurisdiction over, the Mortgagor or the Mortgaged Property or the use and occupation thereof.

"Mortgage" means this mortgage instrument, as same may hereafter be modified, amended, supplemented, consolidated, extended, renewed and/or spread from time to time.

"Mortgage Amount" means FIVE HUNDRED FIFTY THOUSAND and NO/100 (\$ 550,000.00) Dollars or such lesser amount as may be disbursed to or at the direction of Mortgagor.

"Mortgaged Property" means the property specified as such in the Granting Clause of this Mortgage.

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(and, if Mortgagee shall so elect, any or all other Impositions) at least forty-five (45) days before such payments are due. If the amount of any such payment is not ascertainable at the time any such deposit is required to be made, the deposit shall be made on the basis of Mortgagee's estimate thereof, and when such amount is fixed for the then-current year, Mortgagor shall promptly deposit any deficiency with the Depository.

(b) All funds so deposited for the payment of Taxes (the "Tax Funds"), until so applied, shall (i) constitute (and are hereby pledged as) additional security for the Notes, (ii) be held by the Depository without interest (except to the extent required under applicable laws), (iii) be kept on deposit in a savings or banking institution which has its deposits insured by a federal agency, and (iv) may be commingled with other funds of the Depository. So long as no Event of Default shall exist and be continuing hereunder, and provided that Mortgagor shall have supplied, in the manner set forth in the next sentence of this subsection, the instructions, information and documents necessary for the Depository to make an effective application and payment of such Tax Funds, all Tax Funds so deposited shall be applied to the payment of Taxes in accordance with instructions to be furnished to Mortgagee by Mortgagor. Mortgagor shall, at least thirty (30) days before the date on which the Taxes first become payable, furnish the Depository with bills and instructions for the payment of the Taxes and/or such other documents as are necessary for the payment of such Taxes. If Mortgagor has not complied with any of the foregoing or, in any event, during the continuance of an Event of Default hereunder, then to the extent permitted by applicable law Mortgagee may apply the Tax Funds so deposited in the order determined by Mortgagee.

(c) At any time following the occurrence of an Event of Default, Mortgagee may require that on the first day of each month Mortgagor shall deposit with the Depository one-twelfth (1/12) of the annual Insurance Premiums, and Mortgagor shall accordingly make such deposits. In addition, if required by Mortgagee, Mortgagor shall also deposit with the Depository a sum of money which, together with the aforesaid monthly installments, will be sufficient to pay the Insurance Premiums at least forty-five (45) days before such payments are due to the applicable insurer. If the amount of any such Insurance Premiums is not ascertainable at the time any such deposit is required to be made, the deposit shall be made on the basis of Mortgagee's estimate thereof, and when such Insurance Premiums are fixed for the then-current year, Mortgagor shall promptly deposit any deficiency with the Depository.

(d) All funds so deposited for the payment of Insurance Premiums (the "Insurance Premium Funds"), until so applied, shall (i) constitute (and are hereby pledged as) additional security for the Notes, (ii) be held by the Depository without interest (except to the extent required under applicable laws), (iii) be kept on deposit in a savings or banking institution which has its deposits insured by a federal agency, and (iv) may be commingled with other funds of the Depository. So long as no Event of Default shall exist and be continuing hereunder, and provided that Mortgagor shall have supplied, in the manner set forth in the next sentence of this subsection, the instructions, information and documents necessary for the Depository to make an effective application and payment of the Insurance Premiums, all Insurance Premium Funds so deposited shall be applied to the payment of Insurance Premiums in accordance with instructions to be furnished to Mortgagee by Mortgagor. Mortgagor shall, at least thirty (30) days before the date on which the Insurance Premiums first become

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payable, furnish the Depository with bills and instructions for the payment of the Insurance Premiums and/or such other documents as are necessary for the payment of such Insurance Premiums. If Mortgagor has not complied with any of the foregoing or, in any event, during the continuance of an Event of Default hereunder, then to the extent permitted by applicable law Mortgagee may apply the Insurance Premium Funds so deposited in the order determined by Mortgagee.

(e) Except as otherwise provided in this Section 1.08, Mortgagee will use the Tax Funds and Insurance Premium Funds (collectively, the "Funds") to pay Taxes, Mortgagee will provide to Mortgagor, without charge, an annual accounting of the Funds. Such accounting will show all additions to and deductions from the Funds and the reason for each such deduction. Mortgagee will not charge Mortgagor for holding or keeping the Funds, for using the Funds to pay Taxes or Insurance Premiums, for making a yearly analysis of Mortgagor's payment of the Funds or for receiving, verifying and totaling assessments and bills.

(f) Upon an assignment or transfer of this Mortgage by Mortgagee, Mortgagee shall assign and/or transfer the unapplied balance of any amounts deposited pursuant to this Section 1.08, if any, to the assignee or transferee (or to a successor Depository designated by such assignee or transferee) and, to the extent permitted by applicable law, Mortgagee shall thereupon be completely released from all liability with respect thereto. This provision shall apply to every transfer of such deposits to a new assignee or transferee (or a successor Depository). When the loan evidenced by the Notes has been paid in full, and all other obligations of Mortgagor under the Documents have been performed and observed in full, Mortgagee shall, and at any prior time, Mortgagee, at its election, may, pay over or cause the Depository (if not Mortgagee) to pay over the unapplied balance of the deposits, if any, to the record owner of the Mortgaged Property or its designee and no other person shall have any right or claim thereto.

Section 1.09. Mechanics' and Other Liens. The Mortgagor will keep the Mortgaged Property free of all mechanics, materialmen and laborers liens, all other liens, and in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the cost of the Mortgagor, without expense to the Mortgagee.

Section 1.10. Additional Advances and/or Disbursements. If the Mortgagor or any party under any of the Documents shall fail to perform any of the covenants contained in this Mortgage, or any covenant contained in the Notes, the assignment of leases, or the other Documents, the Mortgagee may make advances and/or disbursements to perform the same, and all sums so advanced and/or disbursed shall be a lien upon the Mortgaged Property and shall be secured hereby. The Mortgagor will repay on demand all sums so advanced and/or disbursed with interest at the Default Rate. The provisions of this Section 1.10 shall not prevent any default in the observance of any covenant contained in this Mortgage, or contained in the Notes, the assignment of leases, or the other Documents from constituting a default or an Event of Default.

Section 1.11. Financial Statements; Estoppels. (a) The Mortgagor will keep adequate records and books of account and will permit the Mortgagee, and its agents, to inspect and copy same at the Mortgaged Property at such reasonable times as may be requested by the Mortgagee.

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Mortgagee shall have the right to share any information obtained thereby with others in the ongoing course of its ownership or sale, if any, of the loan secured hereby, or any interest therein.

(b) The Mortgagor will at its own cost and expense deliver to the Mortgagee: (1) Within one hundred twenty (120) days after the close of its fiscal year, an annual audited or reviewed financial statement for the prior fiscal year prepared on an accrual basis and certified by an independent certified public accountant in accordance with generally accepted accounting principles consistently applied, and in a form satisfactory to Mortgagee. (2) Within 30 days of the end of each fiscal quarter, Mortgagor shall provide an assessment aging report to Mortgagee. (3) The Mortgagor will deliver to the Mortgagee such other financial information with respect to the Mortgagor as the Mortgagee may reasonably request from time to time.

(c) The Mortgagor from time to time, within ten (10) days upon request by the Mortgagee, will furnish a written statement duly acknowledged stating (1) the amount due whether for principal or interest on this Mortgage, (2) whether any offsets or defenses exist against the Mortgage Amount and, if any are alleged to exist, the nature of each such offset or defense shall be set forth in full detail, (3) whether any default or Event of Default has occurred or is continuing, specifying the nature and the period of existence thereof, and what action the Mortgagor has taken or proposes to take with respect thereto, and (4) except as otherwise specified, that the Mortgagor has fulfilled all of its obligations under this Mortgage and the Documents which are required to be fulfilled on or prior to the date of such certificate.

Section 1.12. Maintenance of Property; Compliance with Law. (a) The Mortgagor will not threaten, commit, permit or suffer any waste to occur on or to the Mortgaged Property, or alter or impair the value of the Mortgaged Property or its use. The Improvements shall not be removed, demolished or substantially altered, nor shall any Chattels be removed without the prior written consent of the Mortgagee, except where appropriate replacements free of superior title, liens and claims are immediately made of value at least equal to the value of the Chattels removed.

(b) The Mortgagor will keep and maintain or cause to be kept and maintained the Mortgaged Property and the sidewalks and curbs abutting the same in good order and condition and in a rentable and tenantable state of repair and will make or cause to be made, as and when the same shall become necessary, all structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen repairs, renewals necessary or desirable to that end. In the event that the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or any other casualty, or in the event of a taking of a portion of the Mortgaged Property as a result of any exercise of the power of eminent domain, the Mortgagor shall promptly restore, replace, rebuild, or alter the same as nearly as possible to the condition they were in immediately prior to such fire, other casualty or taking, and shall take such other additional actions and measures as shall be necessary to avoid any default or forfeiture under any lease or any other applicable agreement. Although damage to or destruction of the Mortgaged Property, or any portion thereof, shall not of itself constitute a default hereunder, the failure of the Mortgagor to restore, replace, rebuild or alter the same, as hereinabove provided, shall constitute a default hereunder regardless of the availability of insurance proceeds or condemnation awards for such purpose.

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(c) The Mortgagor represents that the Mortgagor and the Mortgaged Property are presently in compliance with all Laws. The Mortgagor will promptly comply, and cause the Mortgaged Property to be at all times in compliance, with all Laws.

Section 1.13. Condemnation. No proceeding for the condemnation of all or any portion of the Mortgaged Property has been commenced or threatened. The Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Premises or any portion thereof, will notify the Mortgagee of the pendency of such proceedings. The Mortgagee may participate in any such proceedings and the Mortgagor from time to time will deliver to the Mortgagee all instruments requested by it to permit such participation. In the event of such condemnation proceedings, the award or compensation payable is hereby assigned to and shall be paid to the Mortgagee up to the Mortgage Amount. The Mortgagee shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid. In any such condemnation proceedings the Mortgagee may be represented by counsel selected by the Mortgagee but the Mortgagor may appear by its counsel to contest the amount of the condemnation award. The proceeds of any award or compensation so received shall, at the option of the Mortgagee, either be applied, without premium, to the prepayment of the Notes or be paid over to the Mortgagor for restoration of the improvements. The Mortgagee shall not be limited to the interest paid on the proceeds of any award or compensation, but shall be entitled to the payment of interest by the Mortgagor at the rates provided for herein or in the Notes.

Section 1.14. Leases. (a) The Mortgagor will not, without the prior written consent and approval of the Mortgagee in each instance, (i) execute an assignment of the rents from the Mortgaged Property or any part thereof, or (ii) enter into any leases. Mortgagor will not without the prior written consent and approval of the Mortgagee, in each instance, (y) amend, modify, terminate or consent to the cancellation or surrender of any lease, now existing or hereafter to be made, or (z) accept prepayments of any installments of rents to become due under such leases, except prepayments in the nature of security for the performance of the lessees thereunder. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Mortgagee hereby consents to the execution of proprietary leases of apartments from Mortgagor to a tenant-shareholder of Mortgagor, to the surrender or termination of such proprietary leases of apartments where the surrendered or terminated proprietary lease is immediately replaced (or where the Mortgagor makes best efforts for such immediate replacement) by a newly-executed proprietary lease of the same apartment to a tenant-shareholder of Mortgagor, and to all assignments of such proprietary leases of apartments from a tenant-shareholder of Mortgagor to another tenant-shareholder or incoming tenant-shareholder of Mortgagor, provided, however, that the rights of tenant-shareholders and their assignees under such proprietary leases shall be subordinate to this Mortgage and to the rights of Mortgagee hereunder. No consent is hereby given to any execution, surrender, termination or assignment of a proprietary lease under terms that would waive or reduce the obligation of the resulting tenant-shareholder under such proprietary lease to pay cooperative assessments in full when due or the obligation of the former tenant-shareholder to pay any unpaid portion of such assessments.

(b) The Mortgagor will at all times promptly and faithfully

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perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases on the part of the lessor thereunder to be kept and performed, and shall do all things necessary to compel performance by the lessee under each lease of all obligations, covenants, and agreements by such lessee to be performed thereunder. If any of such leases provide for the giving by the lessee of certificates with respect to the status of such leases, the Mortgagor shall exercise its right to request such certificates within five (5) days of any demand therefor by the Mortgagee. The Mortgagor shall promptly notify the Mortgagee of (i) the commencement of any action or proceeding by any lessee, the purpose of which shall be the cancellation of any lease or diminution or offset against the rent payable under any such lease, or (ii) the interposition by any lessee of any defense in any action or proceeding brought by the Mortgagor against such lessee, or (iii) a written notice received by the Mortgagor from any lessee claiming constructive eviction, and will cause a copy of any process, pleading or notice received by the Mortgagor in reference to any such action, defense or claim to be promptly delivered to the Mortgagee.

(c) The Mortgagor shall furnish to the Mortgagee, within thirty (30) days after request, a written schedule of all leases, the names of the respective lessees, the terms of their respective leases, the space occupied and the rentals payable thereunder, and, if also requested, true copies of all such leases.

Section 1.15. Notices to Mortgagee. Mortgagor shall give written notice to Mortgagee promptly (but in no event later than ten (10) business days after Mortgagor's discovery thereof) upon the occurrence of (1) any default by Mortgagor under this Mortgage or any other Document, (2) any pending or threatened litigation affecting Mortgagor or the Mortgaged Property, (3) any claims, disputes, judgments or violations of law, or any breach by Mortgagor of any material agreement to which Mortgagor is a party, and (4) any other facts and circumstances which might materially impact the Mortgaged Property, Mortgagor, or the loan secured hereby.

Section 1.16. Attornment. To the extent not so provided by applicable law, each lease entered into after the date hereof shall provide that in the event of the enforcement by the Mortgagee of the remedies provided for by law or by this Mortgage, the lessee thereunder will, upon request of any person succeeding to the interest of the Mortgagor as a result of such enforcement, automatically become the lessee of said successor in interest, without change in the terms or other provisions of such lease, provided, however, that said successor in interest shall not be bound by (i) any payment of rent or additional rent for more than one month in advance, except prepayments in the nature of security for the performance by said lessee of its obligations under said lease, (ii) any amendment or modification of the lease made without the consent of the Mortgagee or such successor in interest, or (iii) any work required to be done by the Mortgagor pursuant to the terms of said lease. Each such lease shall also provide that, upon request by said successor in interest, such lessee shall execute and deliver an instrument or instruments confirming such attornment.

Section 1.17. Expenses of Mortgagee. The Mortgagor agrees that if any action or proceeding be commenced, excepting an action to foreclose this Mortgage or to collect the indebtedness hereby secured, to which action or proceeding the Mortgagee is a party by reason of the execution of this Mortgage or the Notes which it secures, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by the Mortgagee for the expense of any litigation to

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prosecute or defend the transaction and the rights and lien created hereby (including, without limitation, reasonable attorneys' fees) shall be paid by the Mortgagor together with interest thereon from the date of payment by the Mortgagee at the Default Rate unless such litigation shall arise solely due to the fault of Mortgagee. All such sums paid and the interest thereon shall be a lien upon the Mortgaged Property, and shall be secured hereby.

Section 1.18. Change in Law Affecting Mortgages. The Mortgagor agrees that in the event of the passage after the date of this Mortgage of any law deducting any lien from the value of land for the purpose of taxation, or changing in any way the laws now in force for the taxation of mortgages or debts secured by a mortgage, or the manner of the collection of any such taxes, so as to impose upon Mortgagee any tax that previously would have been payable by Mortgagor, the whole of the principal sum secured by this Mortgage, together with interest due thereon, shall at the option of the Mortgagee, without notice to any party, become immediately due and payable.

Section 1.19. Utilities. The Mortgaged Property will be provided with adequate water, sewer and other utility facilities at all times, in compliance with all Laws.

Section 1.20. Restrictions on Transfer or Encumbrance. The Mortgagor shall not, directly or indirectly, by transfer, mortgage, hypothecation, encumbrance or conveyance, do or suffer the assignment, transfer, sale, conveyance, or encumbrance junior or senior hereto of the Mortgaged Property or any part thereof or any interest therein or in the Mortgagor (except for transfers of stock of Mortgagor in connection with the assignment of a proprietary lease for an apartment unit in the Improvements, by a tenant-shareholder of Mortgagor to other persons who by virtue of such transfers become tenant-shareholders in Mortgagor) without in each instance the prior written consent of the Mortgagee.

Section 1.21. Hazardous Materials. Mortgagor represents, warrants and covenants that (1) to the best knowledge of Mortgagor, neither Mortgagor nor any prior owner, nor any current or prior occupant of the Mortgaged Property has used Hazardous Materials, on, from, or affecting the Mortgaged Property in any manner which violates any Environmental Laws, and (2) at the date hereof the Mortgaged Property is in compliance with all Environmental Laws, and no Hazardous Materials have been, or are incorporated in, stored on, treated on or disposed of on or from the Mortgaged Property. Mortgagor shall (1) keep or cause the Mortgaged Property to be kept free of Hazardous Materials, and (2) shall comply with and ensure compliance by all tenants and subtenants with all Environmental Laws, (3) conduct and complete all investigations, studies, sampling, and testing and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Mortgaged Property (i) in accordance with all Laws, (ii) to the satisfaction of the Mortgagee, and (iii) within six (6) months from the date of discovery of any violation of Environmental Laws or sooner if required by any Law and (4) defend, indemnify, and hold harmless the Mortgagee and its employees, agents, officers, and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to (i) the presence, disposal, release, or threatened release of any Hazardous Materials; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; (iii) any lawsuit

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brought or threatened, settlement reached, or government order relating to such Hazardous Materials; and/or (iv) any violation of Laws, or any policies or requirements of the Mortgagee, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. If at any time prior to repayment of all sums secured by this Mortgage, the estimated cost, as reasonably determined by Mortgagee, to remove Hazardous Materials or remedy any condition pertaining to the existence, release or threatened release of Hazardous Materials on or affecting the Mortgaged Property exceeds Ten Thousand (\$10,000.00) Dollars, Mortgagor shall promptly deposit with Mortgagee the estimated cost, as reasonably determined by Mortgagee, to effect such removal or remedy, to secure Mortgagor's prompt compliance with the requirements of the preceding sentence. In the event of Mortgagor's failure to comply with the provisions of this Section 1.21, Mortgagee may apply any or all of such sums so deposited with Mortgagee to affect the removal or other remedy as required pursuant to this Section 1.21. Any sums not so applied shall be returned to Mortgagor by Mortgagee promptly upon completion of the removal or other remedy required hereunder to the satisfaction of Mortgagee. In the event this Mortgage is foreclosed, or Mortgagor tenders a deed in lieu of foreclosure, Mortgagor shall deliver the Mortgaged Property to the Mortgagee free of any and all Hazardous Materials so that the condition of the Mortgaged Property shall be in compliance with all Laws. The provisions of this Section 1.21 shall be in addition to any and all obligations and liabilities Mortgagor may have to the Mortgagee at law or otherwise, and shall survive the transactions contemplated herein.

Section 1.22. Easements and Instruments of Record. The Mortgagor will promptly perform and observe, or cause to be performed and observed, all of the terms, covenants and conditions of all instruments of record affecting the Mortgaged Property, and the Mortgagor shall do or cause to be done all things necessary to preserve intact and unimpaired any and all easements, appurtenances and other interests and rights in favor of or constituting any portion of the Mortgaged Property.

Section 1.23. Business Purpose. The Mortgagor represents and warrants that: (a) the proceeds of the Loan will be used for the purposes specified in Sections 205/4 (a) or (c) of Chapter 815 of the Illinois Compiled Statutes, as amended; (b) the Loan constitutes a "business loan" within the purview of those Sections; and (c) the proceeds of the Loan 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.

Section 1.24. Right of Entry. The Mortgagee and its authorized representatives and designees shall have the right at all reasonable times during usual business hours or as otherwise required in the event of an emergency to enter upon and inspect all portions of the Mortgaged Property.

Section 1.25. Service Contracts; Additional Liabilities. Mortgagor shall not, without the prior written consent of Mortgagee in each instance, enter into any service contracts or other agreements or incur any other liability which would be binding upon a successor owner of the Mortgaged Property or which would create a Mortgagor liability in excess of Fifty Thousand (\$50,000.00) Dollars, in each instance.

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Section 1.26. Intentionally Omitted.

Section 1.27. Limitation on Non-Owner Occupied Apartment Units.

Mortgagor hereby represents that at least _____ percent of all of the residential apartment units at the Mortgaged Property are owned and actually occupied by shareholders of Mortgagor under proprietary leases with Mortgagor, and are not subject to subleases or similar occupancy agreements with nontenant-shareholder occupants. Mortgagor covenants and agrees that at no time shall more than _____ percent of all of the residential apartment units at the Mortgaged Property be owned or occupied by persons or entities who are not tenant-shareholders of such apartment units under proprietary leases with Mortgagor.

Section 1.28. Property Management. The Mortgaged Property shall be managed by an independent professional managing agent reasonably acceptable to Mortgagee. Such managing agent shall maintain a fidelity bond in an amount and with an insurer reasonably acceptable to Mortgagee. Within sixty (60) days after receipt by Mortgagor of a notice from Mortgagee, Mortgagor shall terminate such managing agent if, in the reasonable judgment of Mortgagee, the management of the Mortgaged Property by such managing agent may have an adverse affect on the value of the Mortgaged Property or on the ability of the Mortgagor to perform its obligations under this Mortgage. Notwithstanding the foregoing, Mortgagee agrees that Mortgagor may "self-manage" the Premises for so long as Mortgagor is not in default under the terms and provisions of any of the Documents. If an Event of Default shall occur or if Mortgagor shall be in monetary or material default under any of the terms and provisions of any of the Documents, then Mortgagee shall have the right at any time thereafter to require Mortgagor to retain an independent managing agent reasonably acceptable to Mortgagee as the managing agent for the Premises.

Section 1.29. Intentionally Omitted.

Section 1.30. Certain Representations and Warranties. Mortgagor represents and warrants to Mortgagee that: (a) The Documents are all valid, binding and enforceable obligations of Mortgagor; (b) There is no action, suit or proceeding threatened against or affecting Mortgagor or the Mortgaged Property which could materially adversely affect Mortgagor or the Mortgaged Property; (c) All Laws and governmental and private restrictions affecting Mortgagor or the Mortgaged Property have been complied with and all governmental and private consents necessary to Mortgagor's consummation of the loan secured hereby have been obtained; (d) Mortgagor is not in violation of any indenture, lease, loan or other agreement to which it is a party or by which it or its properties may be bound; (e) The statements, information and reports furnished to Mortgagee in connection with the loan secured hereby (including the statements, information and reports set forth in, or furnished in connection with, the application for said loan and/or the commitment letter between Mortgagor and Mortgagee with respect to said loan) are accurate, correct and complete in all respects; (f) There are no delinquent Impositions (g) The Mortgaged Property is separately assessed for tax purposes; (h) Each party (other than Mortgagee) to the Notes, the Mortgage, and all other Documents had legal capacity to enter into, execute and deliver the same, and the Notes, Mortgage and all other Documents have been duly and properly executed by such parties; (i) The proceeds of the loan secured

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by this Mortgage have been fully disbursed and there is no requirement for future advances hereunder; (j) There are no mechanics' or similar liens or claims which have been filed for work, labor or material, or which relate to the existence or cleanup of any Hazardous Materials affecting the Mortgaged Property which are or may be liens prior to, or equal or coordinate with, the lien of this Mortgage; (k) All Improvements are wholly within the boundaries and building restriction lines of the Premises except as described on the title policy and as shown on the surveys delivered to the Mortgagee in connection herewith, and no improvements on adjoining properties encroach upon the Mortgaged Property except as described in the title policy and as shown on the surveys delivered to the Mortgagee in connection herewith, and no covenants, conditions and restrictions, if any, are violated by the Improvements and no future violations could give rise to any rights of reverter or reentry; (l) The Mortgagor has no knowledge of any circumstances or condition with respect to the Mortgage, the Mortgaged Property or use thereof, the Mortgagor's credit standing, any Lease, or any tenant's credit standing that can reasonably be expected to cause private institutional investors to regard the loan evidenced by the Notes and secured hereby to be an unacceptable investment, cause such loan to become delinquent, or materially adversely affect the value or marketability of such loan; (m) all leases (including, without limitation, proprietary leases), licenses or other agreements pursuant to which any person or entity is entitled to use or occupy any portion of the Mortgaged Property are subject and subordinate to this Mortgage; and (n) no lease contains any option, right of offer or right of refusal to purchase the Mortgaged Property or any portion thereof.

Section 1.31. Vaults. Mortgagor shall at all times comply with all applicable laws with respect to the construction, use and maintenance of any vaults adjacent to the Mortgaged Property. If by reason of the failure of payment of taxes, vault rents, permit fees or assessments, Mortgagor's right to use the vaults, if any, adjacent to the Mortgaged Property may be discontinued, Mortgagor shall take such steps (including making any such payment) as may be necessary to insure that such vaults may continue to be used in connection with the use, operation and maintenance of the Mortgaged Property.

Section 1.32. Tenant-Shareholder Maintenance Obligations. Mortgagor hereby agrees that it will not reduce the maintenance charges payable by its tenant-shareholders under proprietary leases below a level which is sufficient to pay all expenses of Mortgagor at any time and from time to time, including, without limitation, all operating and other expenses of the Premises and the Improvements (including, without limitation, all Impositions and Premiums) and all debt service payments due under the Notes and/or the Mortgage and all debt service payments payable under any and all other loans now or at any time hereafter owed by Mortgagor. Failure to comply with the provisions of this paragraph shall constitute a default under the Mortgage as if such default were specifically listed in Section 2.01 hereof. If, at any time, a receiver is appointed with respect to all or any portion of the Mortgaged Property, Mortgagor agrees that the order appointing the receiver may contain a provision requiring the receiver to pay all debt service payments under any loan evidenced by the Notes and/or secured by this Mortgage, it being recognized that such debt service payments are proper obligations of Mortgagor and must be paid out of maintenance charges payable under the proprietary leases.

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ARTICLE II

EVENTS OF DEFAULT AND REMEDIES

Section 2.01. Events of Default and Remedies. If one or more of the following Events of Default shall happen:

(a) if (i) a default shall be made in the payment of any monthly installment due on the Notes, when and as the same shall become due and payable, and said default shall have continued for a period of ten (10) days, or (ii) a default shall be made in any payment of principal or any other sums due under the Notes or Mortgage on the date of maturity of the Notes, whether at the stated maturity date or by acceleration or otherwise, in each case, as in the Notes and this Mortgage provided, or (iii) default shall be made in the payment of any Imposition required by Section 1.07 to be paid and said default shall have continued for a period of ten (10) days, or (iv) default shall be made in the payment of any deposits for Insurance Premiums or Impositions required by Section 1.08 to be paid to Mortgagee and said default shall have continued for a period of ten (10) days, or (v) default shall be made in the due observance or performance of any covenant or agreement on the part of the Mortgagor contained in Section 1.01, 1.14, 1.20, 1.21 or 1.22 hereof (for the purposes of this clause, and for subparagraph (b) below, if any representation made in Section 1.01 shall be incorrect, it shall be deemed to be a default); or

(b) except as set forth in Section 2.01(a) hereof, if default shall be made in the due observance or performance of any covenant or agreement on the part of the Mortgagor contained herein and such default continues for thirty (30) days after receipt by Mortgagee of notice by Mortgagee of such default; or

(c) if (i) any Event of Default shall occur under any of the Documents, or (ii) if any such Documents shall not contain "Events of Default", then default shall be made in the due observance, performance or fulfillment of any other covenant or condition on the part of the Mortgagor contained in any such Document and such default shall have continued for a period of thirty (30) days; or

(d) if by the order of a court of competent jurisdiction, a trustee, receiver or liquidator of the Mortgaged Property or any part thereof, or of the Mortgagor shall be appointed; or

(e) if the Mortgagor shall file a petition in bankruptcy or for an arrangement or for reorganization pursuant to the Federal Bankruptcy Code or any similar law, federal or state, or if, by decree of a court of competent jurisdiction, the Mortgagor shall be adjudicated a bankrupt, or be declared insolvent, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or receivers of all or any part of the Mortgaged Property; or

(f) if any of the creditors of the Mortgagor shall file a petition

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in bankruptcy against the Mortgagor or for reorganization of the Mortgagor pursuant to the Federal Bankruptcy Code or any similar law, federal or state, and if such petition shall not be discharged or dismissed within sixty (60) days after the date on which such petition was filed; or

(g) if final judgment for the payment of money shall be rendered against the Mortgagor and the Mortgagor shall not discharge or bond the same or cause it to be discharged or bonded within thirty (30) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered, and secure a stay of execution pending such appeal or if the financial condition of the Mortgagor shall undergo a materially adverse change; or

(h) if it shall be illegal for the Mortgagor to pay any tax referred to in Section 1.07 hereof or if the payment of such tax by the Mortgagor would result in a violation of the usury laws of the state in which the Premises are located; or

(i) if the holder of a junior or senior mortgage or other lien or encumbrance on the Mortgaged Property, or any part thereof, institutes foreclosure or other proceedings for the enforcement of its remedies thereunder, which foreclosure or other proceedings are not discharged (without affecting the Mortgaged Property) or bonded within thirty (30) days from the institution thereof (this subsection (i) shall not be construed to imply that the Mortgagee consents to any junior or senior lien or encumbrance); or

(j) if any easement over, across or under or otherwise affecting the Mortgaged Property or any portion thereof shall be granted without the Mortgagee's prior written consent;

then and in every such case:

I. The Mortgagee may declare the entire principal of the Notes then outstanding (if not then due and payable), and all accrued and unpaid interest thereon, to be due and payable immediately, and upon any such declaration the principal of the Notes and said accrued and unpaid interest shall become and be immediately due and payable, anything in the Notes or in this Mortgage to the contrary notwithstanding;

II. The Mortgagee personally, or by its agents or attorneys, may enter into and upon all or any part of the Mortgaged Property and each and every part thereof, and may exclude the Mortgagor, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Mortgaged Property or any part thereof and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, the Mortgagee, at the expense of the Mortgagor, from time to time, either by purchase, repairs or construction, may

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rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Notes, this Mortgage, or the other Documents or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as the Mortgagee shall elect.

Section 2.02. Foreclosure Sale. (a) The Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, the Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(b) Upon the completion of any sale or sales made by the Mortgagee under or by virtue of this Article II, the Mortgagee, or any officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument or instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. The Mortgagee is hereby irrevocably appointed the true and lawful attorney of the Mortgagor, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of any part of the Mortgaged Property and rights so sold. The Mortgagee may, for such purpose, execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, the Mortgagor hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, the Mortgagor, if so requested by the Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to the Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of the Mortgagee, for the purpose, and as may be designated in such request. Any such sale or sales made under or by virtue of this Article II, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Mortgagor in and to the properties, interests and rights so sold, and shall be a perpetual bar both at law and in equity against the Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under the Mortgagor.

(c) In the event of any sale made under or by virtue of this Article II (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), the entire principal of, and interest on, the Notes, if not previously due and payable, and all other sums required to be paid by the Mortgagor pursuant to this Mortgage, immediately thereupon shall, anything in the Notes or in this Mortgage to the contrary notwithstanding, become due and payable.

(d) The purchase money proceeds or avails of any sale made under or by virtue of this Article II, together with any other sums which then may be held by the Mortgagee under this Mortgage, whether under the provisions of this Article II or otherwise, shall be applied as follows:

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First: to the payment of the costs and expenses of such sale, including reasonable compensation to the Mortgagee, its agents and attorneys, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by the Mortgagee under this Mortgage, together with interest at the Default Rate on all advances made by the Mortgagee and all taxes or assessments paid by Mortgagee except any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold;

Second: to the payment of the whole amount then due, owing or unpaid upon the Notes for principal and interest, with interest on the unpaid principal at the Default Rate from and after the happening of any default described in clause (a)(i), (ii), (iii) or (iv) of Section 2.01 from the due date of any such payment of principal until the same is paid;

Third: to the payment of any other sums required to be paid by the Mortgagor pursuant to any provision of this Mortgage, the Notes or the other Documents, all with interest at the Default Rate, from the date such sums were or are required to be paid under this Mortgage, the Notes or the other Documents; and

Fourth: to the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

(e) Upon any sale made under or by virtue of this Article II, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, the Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of the Mortgagor secured by this Mortgage the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Mortgagee is authorized to deduct under this Mortgage.

Section 2.03. Payment of Indebtedness After Default. (a) If an Event of Default shall have occurred, then upon written demand of the Mortgagee, the Mortgagor will pay to the Mortgagee the whole amount which then shall have become due and payable on the Notes, for principal and interest or both or any other sums due under any of the Documents, as the case may be, and after the happening of said Event of Default will also pay to the Mortgagee interest at the Default Rate on the then unpaid principal of the Notes, and the sums required to be paid by the Mortgagor pursuant to any provision of this Mortgage and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Mortgagee, its agents, and attorneys and any expenses incurred by the Mortgagee hereunder. In the event the Mortgagor shall fail forthwith to pay such amounts upon such demand, the Mortgagee shall be entitled and empowered to institute such action or proceedings at law or in equity as may be advised by its counsel

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for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree and may enforce any such judgment or final decree against the Mortgagor and collect out of the property of the Mortgagor wherever situated, as well as out of the Mortgaged Property, in any manner provided by law, moneys adjudged or decreed to be payable with interest thereon at the Default Rate.

(b) The Mortgagee shall be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the provisions of this Mortgage. The right of the Mortgagee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Mortgage, or the foreclosure of the lien hereof. In the event of a sale of the Mortgaged Property or any part thereof and of the application of the proceeds of sale, as in this Mortgage provided, to the payment of the indebtedness hereby secured, the Mortgagee shall be entitled to (i) enforce payment of, and to receive all amounts then remaining due and unpaid upon, the Notes, (ii) enforce payment of all other charges, payments and costs due under this Mortgage, and (iii) recover judgment for any portion of the debt remaining unpaid, with interest thereon at the Default Rate. In case of proceedings against the Mortgagor in insolvency or bankruptcy or any proceedings for its reorganization or involving the liquidation of its assets, then the Mortgagee shall be entitled to prove the whole amount of principal and interest due upon the Notes to the full amount thereof, and all other payments, charges and costs due under this Mortgage, without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Mortgaged Property, provided, however, that in no case shall the Mortgagee receive a greater amount than such principal and interest and such other payments, charges and costs from the aggregate amount of the proceeds of the sale of the Mortgaged Property or any part thereof and the distribution from the estate of the Mortgagor.

(c) No recovery of any judgment by the Mortgagee and no levy of any execution under any judgment upon the Mortgaged Property or upon any other property of the Mortgagor shall affect, in any manner or to any extent, the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of the Mortgagee hereunder, but such liens, rights, powers and remedies of the Mortgagee shall continue unimpaired as before.

(d) Any moneys thus collected by the Mortgagee under this Section 2.03 shall be applied by the Mortgagee in accordance with the provisions of paragraph (d) of Section 2.02.

Section 2.04. Waiver of Personal Service; Appointment of Receiver.

After the happening of any Event of Default and immediately upon the commencement of any action, suit or other legal proceedings by the Mortgagee to obtain judgment for the principal of, or interest on, the Notes and other sums required to be paid by the Mortgagor pursuant to any provisions of this Mortgage, or of the Documents, or of any nature in aid of the enforcement of the Notes or of this Mortgage, the Mortgagor does hereby (a) waive personal service of process and consent to service by certified mail to the address of the Mortgagor set forth on the cover page of this Mortgage (with copies to be sent as provided in Section 3.03), and (b) if required by the Mortgagee, consent to the appointment of a receiver or receivers of the Mortgaged Property or any part thereof or any business or businesses

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conducted thereon and of all the earnings, revenues, rents, issues, profits and income thereof. After the happening of any Event of Default, or upon the commencement of any proceedings to foreclose this Mortgage or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Mortgagee, the Mortgagee shall be entitled, as a matter of right, if it shall so elect, without the giving of notice to any other party and without regard to the adequacy or inadequacy of any security for the Mortgage indebtedness, forthwith either before or after declaring the unpaid principal of the Notes to be due and payable, to the appointment of such receiver or receivers.

Section 2.05. Possession of Premises. Notwithstanding the appointment of any receiver, liquidator or trustee of the Mortgagor, or of any of its property, or of the Mortgaged Property or any part thereof, the Mortgagee shall be entitled to retain possession and control of all property now or hereafter held under this Mortgage, subject to the provisions of this Mortgage.

Section 2.06. Remedies Cumulative. No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies, and 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 of the Mortgagee to exercise any right or power accruing upon any Event of Default shall impair any such rights or power, or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Mortgage to the Mortgagee may be exercised from time to time as often as may be deemed expedient by the Mortgagee. Nothing in this Mortgage or in the Notes shall affect the obligation of the Mortgagor to pay the principal of, and interest on, the Notes in the manner and at the time and place therein respectively expressed.

Section 2.07. No Stay; Exemption or Moratorium. The Mortgagor will not at any time insist upon, or plead, or in any manner whatsoever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment, or order of any court of competent jurisdiction, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. The Mortgagor for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the Mortgaged Property or any part thereof marshaled upon any foreclosure hereof.

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ARTICLE III

MISCELLANEOUS

Section 3.01. Binding Obligations. All of the grants, covenants, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the successors and assigns of the Mortgagor and the successors and assigns of the Mortgagee. If there be more than one mortgagor, the covenants and warranties hereof shall be joint and several. As used herein, the singular shall include the plural as the context requires.

Section 3.02. Severability. In the event any one or more of the provisions contained in this Mortgage or in the Notes or in any of the other Documents shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Mortgagee, not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

Section 3.03. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail (return receipt requested) as follows:

If to Mortgagor:
6-12 Scott Cooperative Apartments, Inc.
12 Scott Street
Chicago, Illinois 60610
Attention: President

If to Mortgagee:
The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 60675
Attention: Head, Private Banking Division

Each party may designate a change of address by notice to the other party, given at least fifteen (15) days before such change of address is to become effective.

Any written notice sent by registered or certified mail shall be deemed to have been served forty-eight (48) hours after the date it was mailed in accordance with the foregoing provisions.

Section 3.04. Waiver of Notice. Whenever in this Mortgage the giving

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of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

Section 3.05. Assignment. This Mortgage, and any instruments made in connection herewith, may be assigned by the Mortgagee without notice to, or the consent of, the Mortgagor or any other party.

Section 3.06. Default Rate. The Default Rate provided for herein shall continue to accrue and be paid on any amount to which the Default Rate is applied until said amount is paid in full.

Section 3.07. Security Agreement. This Mortgage constitutes both a real property mortgage and a "security agreement", within the meaning of the Uniform Commercial Code as in effect in the State of Illinois, and the Mortgaged Property includes both real and personal property and all other rights and interest, whether tangible or intangible in nature of Mortgagor in the Mortgaged Property. Mortgagor by executing and delivering this Mortgage has granted to Mortgagee, as security for the Notes, a security interest in the Chattels. If Mortgagor shall default under the Notes and/or this Mortgage, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Chattels or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Chattels. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Chattels and make them available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Mortgagee in protecting its interest in the Chattels and in enforcing its rights hereunder with respect to the Chattels. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Chattels sent to Mortgagor in accordance with the provisions hereof at least five days prior to such action, shall constitute reasonable notice to Mortgagor. The proceeds of any disposition of the Chattels, or any part thereof, may be applied by Mortgagee to the payment of the Notes and any other obligations of Mortgagor secured hereby in such priority and proportions as Mortgagee in its discretion shall deem proper.

Section 3.08. Mortgagee's Consent and Approval. If Mortgagor shall request Mortgagee's consent or approval pursuant to any of the provisions of this Mortgage or otherwise, and Mortgagee shall fail or refuse to give, or shall delay in giving, such consent or approval, Mortgagor shall in no event make, or be entitled to make, any claim for damages (nor shall Mortgagor assert, or be entitled to assert, any such claim by way of defense, set-off, or counterclaim) based upon any claim or assertion by Mortgagor that Mortgagee unreasonably withheld or delayed its consent or approval, and

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Mortgagor hereby waives any and all rights that it may have from whatever source derived, to make or assert any such claim. Mortgagor's sole remedy for any such failure, refusal, or delay shall be an action for a declaratory judgment, specific performance, or injunction, and such remedies shall be available only in those instances where Mortgagee has expressly agreed in writing not to unreasonably withhold or delay its consent or approval or where, as a matter of law, Mortgagee may not unreasonably withhold or delay the same.

Section 3.09. Default Under Additional Security. If the payment of the mortgage indebtedness is now or hereafter further secured by assignments of leases or rentals, security agreements, financing statements, mortgages, collateral assignments, pledges, contracts of guaranty, or other additional security documents, any default under the provisions of any such further security documents shall constitute and be a default under this Mortgage, and the Mortgagee may, at its option, exhaust any one or more of the said security documents and the security thereunder as well as the Mortgaged Property covered by this Mortgage either concurrently or independently and in such other and further manner as the Mortgagee may elect, and Mortgagee may apply the proceeds received therefrom upon the mortgage indebtedness without waiving or affecting Mortgagee's rights and remedies under this Mortgage exercised hereunder or whether contained or exercised under any other such security documents.

Section 3.10. Legal Interest Rate. Nothing herein, nor any transaction related hereto, shall be construed or so operate as to require Mortgagor to pay interest at a greater rate than shall be lawful. Should any interest or other charges paid by Mortgagor in connection with the loan evidenced by the Notes result in the computation or earning of interest in excess of the maximum legal rate of interest which is legally permitted under the laws of the State of Illinois, after taking into account all provisions of the Notes and the Documents, then any and all such excess shall be, and the same is hereby waived by the Mortgagee, and any and all such excess shall be automatically credited against and in reduction of the balance due under the indebtedness secured hereby and any portion which exceeds the balance due under the Notes and secured hereby shall be paid by the Mortgagee to the Mortgagor. At the maturity of the Notes secured hereby (or prior thereto, in the event of any permitted prepayment, or if the Mortgagee accelerates payment thereof), if the total amount of interest paid, including any service fee and any other charge upon the principal, exceeds the maximum legal contract rate permitted by law, such interest shall be recomputed and any such excess shall be credited to principal or returned to Mortgagor. It is the intent of the parties hereto that the Mortgagor, under no circumstances, shall be required to pay, nor shall the Mortgagee be entitled to collect, any interest which is in excess of maximum legal rate permitted under applicable laws.

Section 3.11. Intentionally Omitted.

Section 3.12. Waiver of Trial By Jury. TO THE FULLEST EXTENT PERMITTED BY LAW, MORTGAGOR HEREBY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING BROUGHT BY MORTGAGOR OR MORTGAGEE INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS MORTGAGE, THE NOTES, ANY OTHER LOAN DOCUMENTS, AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. TO THE FULLEST

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EXTENT PERMITTED BY LAW, MORTGAGOR HEREBY IRREVOCABLY WAIVES, IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING BROUGHT BY MORTGAGEE UNDER THIS MORTGAGE OR THE NOTES, ANY AND EVERY RIGHT IT MAY HAVE TO, (I) INTERPOSE ANY COUNTERCLAIM THEREIN AND (II) HAVE THE SAME CONSOLIDATED WITH ANY OTHER OR SEPARATE SUIT, ACTION OR PROCEEDING. NOTHING HEREIN CONTAINED SHALL PREVENT OR PROHIBIT MORTGAGOR FROM INSTITUTING OR MAINTAINING A SEPARATE ACTION AGAINST MORTGAGEE WITH RESPECT TO ANY ASSERTED CLAIM.

Section 3.13. Recovery of Sums Required To Be Paid. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the indebtedness secured hereby as the same becomes due, without regard to whether or not the balance of such indebtedness shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

Section 3.14. Illinois Mortgage Foreclosure Law. The Mortgagor, on behalf of itself and all persons now or hereafter interested in the Mortgaged Property, voluntarily and knowingly hereby: acknowledges that the transaction of which this Mortgage is a part is a transaction which does not include either agricultural real estate (as defined in the Illinois Mortgage Foreclosure Law, Illinois Compiled Statutes Chapter 735, Section 5/15-1101 et seq., herein the "Act"), or residential real estate (as defined in the Act); waives, to the fullest extent permitted by applicable law, any and all rights to reinstate or redemption and any and all other rights and benefits under all present and future appraisement, homestead, moratorium, valuation, exemption, stay, extension, redemption and marshalling statutes, laws or equities now or hereafter existing, and agrees that no defense, claim or right based on any thereof will be asserted, or may be enforced, in any action enforcing or relating to this Mortgage or any of the Mortgaged Property. Without limiting the generality of the preceding sentence, the Mortgagor, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage, hereby irrevocably waives any and all rights of reinstatement or redemption from sale or from or under any order, judgment or decree of foreclosure of this Mortgage or under any power contained herein or under any sale pursuant to any statute, order, decree or judgment of any court. The Mortgagor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Mortgage, hereby expressly waives and releases all rights to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Mortgaged Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Mortgage or of any other security for any of said indebtedness.

(a) If any provision of this Mortgage is inconsistent with any applicable provision of the Act (as defined above), the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can fairly be construed in a manner consistent with the Act.

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(b) Without in any way limiting or restricting any of Mortgagee's rights, remedies, powers and authorities under this Mortgage, and in addition to all of such rights, remedies, powers, and authorities, the Mortgagee shall also have and may exercise any and all rights, remedies, powers and authorities which the holder of a mortgage is permitted to have or exercise under the provisions of the Act, as the same may be amended from time to time. If any provision of this Mortgage shall grant to Mortgagee any rights, remedies, powers or authorities upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with all of the rights, remedies, powers and authorities granted in the Act to the fullest extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee, to the extent reimbursable, under Sections 5/15-1510, 5/15-1512, or any other provision of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in any other provision of this Mortgage, shall be added to the indebtedness secured by this Mortgage and by the judgment of foreclosure.

Section 3.15. Governing Law. This Mortgage shall be governed by, and construed, enforced and interpreted according to the laws of the State of Illinois without giving effect to the principles of conflicts of law.

Section 3.16. No Oral Modification. Neither this Mortgage nor any provision hereof may be changed, waived, modified, discharged or terminated, except by an instrument in writing signed by the Mortgagee.

Section 3.17. Attorneys' Fees. Wherever "attorneys' or counsel fees" are referred to herein, it shall include disbursements and such fees incurred out of court and in litigation, including, without limitation, appeals and bankruptcy proceedings.

Section 3.18. No Joint Venture. Nothing contained herein shall create any joint venture, partnership, agency or trust arrangement between Mortgagor and Mortgagee.

Section 3.19. Set Off. Mortgagor agrees that, in addition to (and without limitation of) any right of set-off, bankers' lien or counterclaim Mortgagee may otherwise have, Mortgagee shall be entitled, at its option, to offset balances held by it for the account of Mortgagor any of its offices, in lawful money of the United States of America or in any other currency, against any principal of or interest on the Notes, or any other obligation of Mortgagor held by Mortgagee, which is not paid when due.

Section 3.20. Marshaling. Mortgagor waives and releases, to the fullest extent permitted by law and with awareness of the consequences thereof, any right to have the Mortgaged Property marshaled.

Section 3.21. Headings. The headings and captions of the various Articles and Sections of this Mortgage, and the table of contents, are for convenience of reference only

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and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 3.22. Notice of Refinancing. In order to assist the Mortgagee in the proper and efficient administration of the indebtedness secured hereby, if the Mortgagor shall at any time desire to refinance all or any portion of the indebtedness secured hereby or to obtain any subordinate indebtedness, the Mortgagor shall promptly so notify the Mortgagee. The giving of any notice pursuant to this Section shall not obligate the Mortgagor to obtain any such financing or in any way constitute a waiver of any prepayment prohibition contained herein, in the Notes or in any other Document. Any such notice given by the Mortgagor shall expressly state whether or not such notice also constitutes a prepayment notice pursuant to the provisions of the Notes.

Section 3.23. Counterparts. This Mortgage may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same Mortgage.

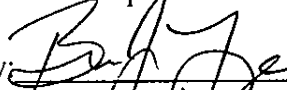
Section 3.24. Credit Agreement. All future advances that may be subsequently made by the Mortgagee to 6-12 Scott Cooperative Apartments, Inc. and secured by this Mortgage shall be made within 20 years of the date hereof and have the same priority as advances made as of the date hereof, although there may be no such advances made on the date hereof and although there may be no indebtedness outstanding at the time any future advance is made, provided that the maximum amount included within the Obligations on account of principal advances made by the Mortgagee to or for the account of any of the Mortgagor with respect to the Credit Agreement, Notes or other Loan Documents and which is secured hereby shall not at any time exceed in the aggregate One Million Six Hundred Fifty Thousand Dollars (\$1,650,000.00) plus the total of all advances made by the Mortgagee to preserve or protect the Collateral and the security interest and lien created hereby, plus interest on all of the foregoing, and plus all costs of the enforcement and collection of this Mortgage.. This Mortgage secures, among other things, a "revolving credit" arrangement within the meaning of 815 ILCS 205/4.1 (1999). All advances, disbursements or other payments required by the Credit Agreement are obligatory advances up to the credit limits established therein and shall, to the fullest extent permitted by law, have priority over any and all mechanics' liens and other liens and encumbrances arising after this Mortgage is recorded. All payments received by the Mortgagee with respect to any of the Obligations secured hereby shall be applied first to the most recent advances or disbursements made under the Credit Agreement, Notes or other loan documents, i.e., all repayments of the liabilities secured hereby shall be deemed made in the inverse order from which they have been advanced such that the last dollars secured by this Mortgage shall be the first dollars advanced under the respective Credit Agreement, Notes and the other loan documents.

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IN WITNESS WHEREOF, this Mortgage has been duly executed by the Mortgagor as of the day and year first above written.

6-12 SCOTT COOPERATIVE
APARTMENTS, INC.
a Illinois corporation

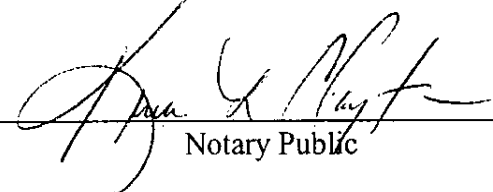
By: 
Name: Brian J. Longe
Title: President

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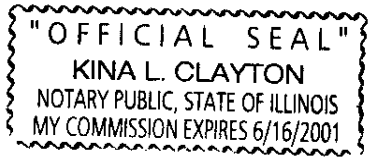
STATE OF ILLINOIS)
) ss.:
COUNTY OF C O O K)

On this 2nd day of March, 2001, before me personally came Brian J. Lange, to me known, who, being by me duly sworn, did depose and say that he resides at 6-12 East Scott Street, Chicago, Illinois; that he is the President of 6-12 Scott Cooperative Apartments, Inc., the corporation described in and which executed the within instrument; that the execution of the instrument by said corporation was duly authorized by said corporation and that he signed his name thereto by order of the Board of Directors of said corporation.



Notary Public

My Commission Expires: 6-16-2001



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