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Cook County Recorder 175.50



SECOND MORTGAGE

THIS SECOND MORTGAGE, ("Mortgage") made as of July 31, 2001 by and between NOEMI VARGAS ("Mortgagor"), and WESTBANK, an Illinois State Bank ("Mortgagee");

W I T N E S S E T H T H A T:

WHEREAS, Mortgagor is the owner of record of certain real estate commonly known as 6120 West Dakin, Chicago, Illinois (the "Premises"), a legal description of which is attached hereto as Exhibit A; and

WHEREAS, Mortgagor has entered into a Mortgage of the Premises to Lincoln Mortgage Funding Corp. dated December 18, 1998, which instrument secures an obligation in the amount of \$140,000.00 and was recorded with the Recorder of Deeds of Cook County on December 24, 1998 as Document No. 08171657 (the "Senior Mortgage"), and the Premises continue to be subject to such Senior Mortgage and the related documents and agreements pertaining thereto (the "Senior Loan Documents"); and

THIS INSTRUMENT WAS PREPARED BY AND AFTER RECORDING RETURN TO:

Andrew S. Williams, Esq.  
Aronberg Goldgehn Davis & Garmisa  
One IBM Plaza, Suite 3000  
Chicago, Illinois 60611

Common address: 6120 West Dakin  
Chicago, Illinois 60634

Permanent Index Number: 13-20-101-005



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WHEREAS, Mortgagor has concurrently herewith executed and delivered to Mortgagee a Mortgage Note bearing even date herewith ("Note") in the principal sum of FOUR HUNDRED THIRTEEN THOUSAND NINE HUNDRED SEVENTY AND NO/100 DOLLARS (\$413,970.00) made payable to Mortgagee in and by which Note Mortgagor promises to pay the said principal sum and interest thereon at the rate and in sixty equal installments as provided in the Note, all of said principal and interest being payable at such place as the holder or holders of the Note ("Holders") may, from time to time, in writing appoint, and in the absence of such appointment, then at the office of Mortgagee, 2225 South Wolf Road, Hillside, Illinois 60162; and

WHEREAS, as security for the Note, Mortgagor has joined with the "Borrower" therein defined and concurrently herewith entered into a Loan and Security Agreement ("Loan Agreement") with respect to, inter alia, the assets of the Mortgagor.

NOW, THEREFORE, Mortgagor, in order to secure the payment of both principal and interest on the Note (and all replacements, renewals, amendments and extensions thereof, in whole or in part) and in accordance with the terms, provisions and limitations of this Mortgage and the Loan Agreement, and to secure the performance of the covenants and agreements herein and in the Note contained, to be performed by Mortgagor, does by these presents MORTGAGE, GRANT, BARGAIN, SELL and CONVEY unto Mortgagee, its successors and assigns, its estate in fee simple, in the Premises. For purposes of this Mortgage, the repayment required by Mortgagor under the Note and the performance of Mortgagor under the Loan Agreement are hereafter referred to as "Obligations".

TOGETHER with all buildings, improvements, tenements, easements, fixtures and appurtenances thereto pertaining or belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagor may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily), and including but not limited to all shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves and ranges, curtain fixtures, partitions, attached floor covering, now or hereafter therein or thereon and all fixtures, apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air cooling, air conditioning, water, light, power, sanitation, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled) and ventilation including (without restricting the foregoing), all other fixtures, apparatus, equipment, furniture, furnishings, and articles used or useful in connection with the operation of said real estate

now or hereafter located upon said Premises, it being understood that the enumeration of any specific articles of property shall in no wise result in or be held to exclude any items of property not specifically mentioned. All of the land, estate and property hereinabove described, real, personal and mixed, whether affixed or annexed or not (except where otherwise hereinabove specified) and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared to form a part and parcel of the real estate and to be appropriated to the use of the real estate, and shall for the purposes of this Mortgage be deemed to be real estate and conveyed and mortgaged hereby. As to any of the property aforesaid which (notwithstanding the aforesaid declaration and agreement) does not so form a part and parcel of the real estate, this Mortgage is hereby deemed to be, as well, a Security Agreement under the Illinois Uniform Commercial Code ("Code") for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to Mortgagee as Secured Party (as said term is defined in the Code), securing said indebtedness and obligations.

Mortgagor represents and covenants that it is lawfully seized of the Premises, that, except for the lien of the Senior Mortgage and the permitted encumbrances that are set forth on Exhibit B, the same are unencumbered, and that it has good right, full power and lawful authority to convey and mortgage the same, and that it will warrant and forever defend said Premises and the quiet and peaceful possession of the same against the lawful claims of all persons whomsoever.

**TO HAVE AND TO HOLD** the Premises unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth together with the right to possession of the Premises after the occurrence of an Event of Default (as hereafter defined).

**THIS MORTGAGE IS GIVEN TO SECURE:** (a) payment of the indebtedness evidenced by the Obligations (together with any and all amendments or supplements thereto, extensions thereof and notes or other documents which may be taken in whole or partial renewal, substitution or extension thereof, or, which may evidence any of the indebtedness secured hereby); (b) payment by Mortgagor to Mortgagee as herein provided of all sums expended or advanced by Mortgagee pursuant to any term or provision of this Mortgage; (c) performance of each and every one of the covenants, conditions and agreements contained in this Mortgage and the documents evidencing the Obligations; and (d) performance under any other instrument given or at the direction of the Mortgagor or Guarantor at any time to secure the payment of any other indebtedness to the Mortgagee. The foregoing documents, and any other documents evidencing and securing the loan reflected

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herein, are referred to collectively herein as the "Loan Documents".

## IT IS FURTHER UNDERSTOOD AND AGREED THAT:

### Maintenance, Repair and Restoration of Improvements, Payment of Prior Liens, Etc.

1. Mortgagor shall (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien not expressly subordinated to the lien hereof, except that Mortgagor shall have the right to contest in good faith and with reasonable diligence the validity of any such lien or claim upon furnishing (i) to the title company which has issued the loan policy of title insurance to Mortgagee insuring the lien of this Mortgage such security or indemnity as it may require to issue an endorsement thereto insuring against loss or damage on account of any such lien; or (ii) to Mortgagee such other security with respect to such claims as may be reasonably acceptable to Mortgagee; (c) pay when due any indebtedness which may be secured by a lien or charge on the Premises on a parity with or superior to the lien hereof, and upon request, exhibit satisfactory evidence to Mortgagee of the discharge of such lien; (d) complete within a reasonable time any building or buildings or any other improvements now or at any time in the process of construction upon the Premises; (e) comply with all material requirements of law, municipal ordinances or restrictions of record with respect to the Premises and the use and development thereof, including but not limited to those relating to zoning, building, environmental protection, health, fire and safety; (f) make no alterations to the Premises except as required by law or municipal ordinance without the prior written consent of Mortgagee which consent shall not be unreasonably withheld; (g) suffer or permit no change in the general nature of the occupancy of the Premises, without Mortgagee's prior written consent; (h) initiate or acquiesce in no zoning variation or reclassification, without Mortgagee's written consent which consent shall not be unreasonably withheld; (i) pay each item of indebtedness secured by this Mortgage when due according to the terms hereof or of the Obligations, and (j) duly perform and observe all of the covenants, terms, provisions and agreements herein or in the Loan Documents on the part of Mortgagor to be performed and observed.

### Payment of Taxes and Assessments

2. Mortgagor shall pay before any penalty or interest attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and all other charges or liens of any nature against the Premises before they become due, and shall furnish to Mortgagee duplicate receipts of



payment therefor before they become due. If any special assessment is permitted by applicable law to be paid in installments, Mortgagor shall have the right to pay such assessment in installments, so long as all such installments are paid prior to the due date thereof. To prevent default hereunder, Mortgagor shall pay in full under protest, in the manner provided by statute, any tax or assessment which Mortgagor may decide to contest.

Tax and Insurance Deposits

3. Upon the request of Mortgagee, Mortgagor covenants and agrees to deposit at such place as Mortgagee may from time to time in writing appoint, and in the absence of such appointment, then at the office of Mortgagee in Chicago, Illinois, a sum equal to (a) one-twelfth (1/12th) of the last total annual taxes and assessments for the last ascertainable year (general and special) on the Premises, unless said taxes are based upon assessments which exclude the improvements or any part thereof now constructed, or to be constructed, in which event the amount of such deposits shall be based upon Mortgagee's reasonable estimate as to the amount of taxes and assessments to be levied and assessed, and (b) one-twelfth (1/12th) of the annual premiums payable for insurance required to be maintained in accordance with Section 4 hereof. Mortgagor, concurrently with the first monthly deposit of taxes and insurance premiums required hereunder, will also deposit with Mortgagee an amount, (i) which, together with the aggregate of the monthly deposits to be made pursuant to (a) above, shall be sufficient to pay in full the total annual taxes and assessments so ascertainable or so estimated by Mortgagee, as the case may be, to become due and payable with respect to the Premises for the current calendar year, as of two months prior to the due date of such taxes and assessments, and (ii) which, together with the aggregate deposits to be made pursuant to (a) above, shall be sufficient to pay in full the total annual insurance premium estimated by Mortgagee to next become due and payable with respect to the Premises, as of one month prior to the date on which the next annual insurance premium becomes due. Such deposits are to be held without any allowance for interest and are to be used for the payment of taxes and assessments (general and special) and insurance premiums, respectively, on the Premises next due and payable when they become due. If the funds so deposited are insufficient to pay any such taxes or assessments (general and special) and premiums for any year when the same shall become due and payable, Mortgagor shall within ten (10) days after receipt of demand therefor, deposit such additional funds as may be necessary to pay such taxes and assessments (general and special) and premiums in full. If the funds so deposited exceed the amount required to pay such taxes and assessments (general and special) or insurance premiums for any year, the excess shall be applied on a subsequent deposit or

deposits. Said deposits need not be kept separate and apart from any other funds of Mortgagee.

#### Insurance

4. Mortgagor shall keep all buildings and improvements, fixtures and articles of personal property now or hereafter situated on the Premises insured against loss or damage by fire, tornado, windstorm and extended coverage perils and such other hazards as may reasonably be required by Mortgagee, including, without limitation: (a) all-risk fire and extended coverage insurance, with vandalism and malicious mischief endorsements, for the full replacement value of the Premises, with agreed upon inflation guard endorsements, and, during construction builder's completed value risk insurance against "all risks of physical loss" (including collapse and transit coverage); (b) if there are tenants under leases at the Premises, rent and rental value or business loss insurance for the same perils described in (a) above payable at the rate per month and for the period specified from time to time by Mortgagee in its reasonable discretion; (c) broad form boiler and sprinkler damage insurance in an amount reasonably satisfactory to Mortgagee, if and so long as the Premises shall contain a boiler and sprinkler system, respectively; (d) if the Premises are located in a flood hazard district, flood insurance in the maximum amount obtainable up to the amount of the indebtedness hereby secured; and (e) such other insurance as Mortgagee may from time to time reasonably require. Mortgagor also shall at all times maintain comprehensive public liability, property damage and worker's compensation insurance covering the Premises and any employees thereof, with such limits for personal injury, death and property damage as Mortgagee may reasonably require. All policies of insurance to be furnished hereunder shall be in forms, companies, amounts and deductibles reasonably satisfactory to Mortgagee, with Mortgagee clauses attached to all policies in favor of and in form satisfactory to Mortgagee, including a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without ten (10) days' prior written notice to Mortgagee and shall contain endorsements that no act or negligence of the insured or any occupant and no occupancy or use of the Premises for purposes more hazardous than permitted by the terms of the policies will affect the validity or enforceability of such policies as against Mortgagee. Mortgagor shall deliver all policies or certificates therefor, including additional and renewal policies or certificates, together with evidence of payment of premiums thereon, to Mortgagee, and in the case of insurance about to expire, shall deliver renewal policies or certificates not less than ten (10) days prior to their respective dates of expiration.

#### Mortgagee's Interest In and Use of Deposits

5. During the continuance of an Event of a Default in any of the provisions contained in this Mortgage or in the documents

evidencing the Obligations or the other Loan Documents, Mortgagee may at its option, without being required to do so, with notice apply any moneys at the time on deposit pursuant to any provision of this Mortgage, as any one or more of the same may be applicable, on any of Mortgagor's obligations herein or in the documents evidencing the Obligations or the other Loan Documents contained, in such order and manner as Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Mortgagor or as Mortgagor shall direct. Such deposits are hereby pledged as additional security for the indebtedness hereunder and shall be held to be irrevocably applied by Mortgagee for the purposes for which made hereunder and shall not be subject to the direction or control of Mortgagor; provided, however, that Mortgagee shall not be liable for any failure to apply to the payment of taxes, assessments or insurance premiums any amount so deposited unless Mortgagor, while not in default hereunder, shall have requested Mortgagee in writing to make application of such funds to the payment of the particular taxes or assessments or the payment of the particular insurance premiums as the case may be for payment of which they were deposited, accompanied by the bills for such taxes, assessments or insurance premiums. Mortgagee shall not be liable for any act or omission taken in good faith or pursuant to the instructions of any party authorized to act on behalf of Mortgagor.

Adjustment of Losses with Insurer and Application of Proceeds of Insurance

6. The Mortgagor shall give the Mortgagee prompt notice of any damage to or destruction of the Premises. In case of loss, Mortgagee (or after entry of decree of foreclosure, purchaser at the sale, or the decree creditor, as the case may be) is hereby authorized either (a) to settle and adjust in a commercially reasonable manner any claim under those insurance policies maintained by Mortgagor pursuant to Section 4 hereof without consent of Mortgagor, or (b) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. In either case, Mortgagee is authorized to collect and receipt for any such insurance money. Such insurance proceeds may, after the payment of all Mortgagee expenses, including reasonable costs and attorneys' fees, at the option of Mortgagee, either be applied in payment or reduction of the indebtedness secured hereby, whether due or not, or be held by Mortgagee and used to reimburse Mortgagor for the cost of the rebuilding or restoration of buildings or improvements on said Premises. Notwithstanding the foregoing provisions of this Section 6 to the contrary, provided that there then exists no Event of Default under this Mortgage or under any other Loan Document, (x) Mortgagor shall be entitled to apply the insurance proceeds from any loss or damage valued in the aggregate in an amount of not more than TWENTY FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00) to the restoration of the Premises or a portion thereof in

compliance with all other terms and conditions of this Mortgage and the other Loan Documents, without the consent of Mortgagee, and (y) in the event of any loss to the Premises of more than TWENTY FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00), Mortgagor shall be entitled to apply the insurance proceeds to restore the Premises provided (i) the Mortgagor's most recent year end audited financial statements reflect a Tangible Net Worth (as defined in the Loan Agreement) of not less than FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00), (ii) the Mortgagor's Debt to Tangible Net Worth (as those terms are defined in the Loan Agreement) is no greater than 2.50 to 1.00, and (iii) Mortgagor maintains in full force and effect business interruption insurance of an amount equivalent to the coverage presently in existence. The buildings and improvements shall be so restored or rebuilt as to be of at least equal value and substantially the same character as prior to such damage or destruction. If the net proceeds of insurance are insufficient to so restore or rebuild the buildings and improvements, the additional costs to replace, repair, rebuild or restore shall be paid by Mortgagor. In the event Mortgagee elects to reimburse Mortgagor out of insurance proceeds, such proceeds shall be made available, from time to time, upon Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof and with such architect's certificates, waivers of lien, contractors' sworn statements and other evidence of cost and of payments as Mortgagee may reasonably require and approve. If the estimated cost of the work exceeds ten percent (10%) of the original principal amount of the indebtedness secured hereby, Mortgagee shall also be furnished with all plans and specifications for such rebuilding or restoration as the Mortgagee may reasonably require and approve. No payment made prior to the final completion of the work shall exceed ninety percent (90%) of the value of the work performed, from time to time, and at all times the undisbursed balance of said proceeds remaining in the hands of Mortgagee shall be at least sufficient to pay for the cost of completion of the work free and clear of liens.

In case of loss after foreclosure proceedings have been instituted, the proceeds of any such insurance policy or policies, if not applied as aforesaid in rebuilding or restoring the buildings or improvements, shall be applied in payment or reduction of the indebtedness secured hereby or in payment or reduction of the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if it shall then be entitled to the same or as the court may direct. In the case of the foreclosure of this Mortgage, the court in its decree may provide that the mortgagee's clause attached to each of said insurance policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said policies making the loss thereunder payable to said decree creditor; and any such



foreclosure decree may further provide that in case of one or more redemptions under said decree, pursuant to the statute in such case made and provided, then, and in every such case, each successive redepton may cause the preceding loss clause attached to each insurance policy to be cancelled and a new loss clause to be attached thereto, making the loss thereunder payable to such redepton. In the event of foreclosure sale, Mortgagee is hereby authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Mortgagee may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

Stamp Tax

7. If, by the laws of the United States of America, or of any state or political subdivision having jurisdiction over Mortgagor, any tax is due or becomes due in respect of the issuance of the Obligations or recording of this Mortgage, Mortgagor covenants and agrees to pay such tax in the manner required by any such law. Mortgagor further covenants to hold harmless and agrees to indemnify Mortgagee, its successors or assigns, against any liability incurred by reason of the imposition of any tax on the issuance of the Obligations or recording of this Mortgage.

Indemnity

8. Mortgagor hereby covenants and agrees that no liability shall be asserted or enforced against Mortgagee in the exercise of the rights and powers granted to Mortgagee in this Mortgage, and Mortgagor hereby expressly waives and releases any such liability except in the case of Mortgagee's gross negligence or willful misconduct. Mortgagor shall indemnify and save Mortgagee harmless from and against any and all liabilities, obligations, losses, damages, claims, costs and expenses (including reasonable attorneys' fees and court costs) of whatever kind or nature (other than conduct arising out of the gross negligence or willful misconduct of Mortgagee) which may be imposed on, incurred by or asserted against Mortgagee at any time by any third party which relate to or arise from: the making of the loans evidenced by the Obligations and secured by this Mortgage; any suit or proceeding (including probate and bankruptcy proceedings), or the threat thereof, in or to which Mortgagee may or does become a party, either as plaintiff or as a defendant, by reason of this Mortgage or for the purpose of protecting the lien of this Mortgage; the offer for sale or sale of all or any portion of the Premises; and/or the ownership, leasing, use, operation or maintenance of the Premises. All reasonable costs provided for herein and paid for by Mortgagee shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest at the Default Rate (as defined in Section 29 hereof).

Effect of Extensions of Time

9. If the payment of the debt secured hereby or any part thereof be extended or varied or if any part of the security granted to secure such indebtedness be released, all persons now or at any time hereafter liable therefor, or interested in the Premises, or having an interest in Mortgagor, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding such extension, variation or release.

Any person, firm or corporation taking a junior mortgage or other lien upon the Premises or any interest therein, shall take the said lien subject to the rights of the Mortgagee to amend, modify and supplement this Mortgage, or the Note and to extend the maturity of the debt secured hereby, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien. Nothing in this Section contained shall be construed as waiving any provisions contained herein which provides, among other things, that it shall constitute an Event of Default if the Premises are sold, conveyed or encumbered.

Effect of Changes in Laws Regarding Taxation

10. In the event of the enactment after this date of any laws of the state in which the Premises are located deducting from the value of land any lien thereon be for the purpose of taxation, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the Premises, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holders thereof, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessments, or reimburse Mortgagee therefor, 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 and in such event, Mortgagee may elect, by notice in writing given to Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

Mortgagee's Performance of Defaulted Acts and Expenses Incurred by Mortgagee

11. During the continuance of an Event of Default, Mortgagee may, but need not, make any payment or perform any act required herein, in the Obligations or any of the other Loan

Documents required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or consent to any tax or assessment or cure any default of Mortgagor in any lease of the Premises. During the continuance of an Event of Default, Mortgagee may, but shall not be required to, complete construction, furnishing and equipping of any buildings or other improvements now or at any time hereafter on the Premises, and rent, operate and manage the Premises and such buildings and improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and such buildings and improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized and all reasonable expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other monies advanced by Mortgagee in regard to any tax referred to in Section 7 above or to protect the Premises or the lien hereof, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable with notice and with interest thereon at the Default Rate. In addition to the foregoing, any costs, expenses and fees, including reasonable attorneys' fees, incurred by Mortgagee in connection with (a) sustaining the lien of this Mortgage or its priority, (b) protecting and enforcing any of Mortgagee's rights hereunder, (c) recovering any indebtedness secured hereby, (d) any litigation or proceedings affecting the Obligations of this Mortgage, the Premises or any guarantor or co-maker of the Obligations or this Mortgage, including without limitation, bankruptcy and probate proceedings, or (e) preparing for the commencement, defense or participation in any threatened litigation or proceedings, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable with notice and with interest thereon at the Default Rate. The interest accruing under this Section shall be immediately due and payable by Mortgagor to Mortgagee upon demand, and shall be additional indebtedness evidenced by the Obligations and secured by this Mortgage. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor. Should the proceeds of the Obligations or any part thereof, or any amount paid out or advanced by Mortgagee hereunder, or pursuant to any agreement executed by Mortgagor in connection with the loans evidenced by the Obligations, be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any lien or encumbrance upon the Premises or any part thereof, then as additional security hereunder, Mortgagee shall be subrogated to any and all rights, equal or superior titles, liens and equities, owned or claimed by any owner or holder of said outstanding liens, charges and indebtedness, however remote,

regardless of whether said liens, charges and indebtedness are acquired by assignment or have been released of record by the holder thereof upon payment. Notwithstanding anything contained herein to the contrary, in no event shall the indebtedness secured by this Mortgage exceed an amount equal to TEN MILLION AND NO/100 DOLLARS (\$10,000,000.00).

## Mortgagee's Reliance on Tax Bills and Claims for Liens

12. Mortgagee in making any payment hereby authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; provided that if no Event of Default exists hereunder, Mortgagee shall give Mortgagor ten (10) days' prior written notice thereof. If no Event of Default exists hereunder, Mortgagee shall take no action authorized under this Section so long as Mortgagor is contesting in good faith the items set forth in this Section and has furnished security satisfactory to Mortgagee.

## Acceleration of Indebtedness in Event of Default

13. Any one of the following events shall constitute an Event of Default under this Mortgage: if (a) default shall be made in the due and punctual payment of the Obligations, or any installment due in accordance with the terms thereof, either of principal or interest which has not been cured within two (2) business days after the due date; or (b) Mortgagor or any Guarantor 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 trustee or liquidator of all of its property or the major part thereof; or (c) default shall be made in the due observance or performance of any other of the covenants, agreements or conditions hereinbefore or hereinafter contained, required to be kept or performed or observed by Mortgagor or any Guarantor and the same shall continue for thirty (30) days after written notice from Mortgagee; or (d) default shall be made in the due observance or performance of any covenant, agreement or condition required to be kept or observed by Mortgagor in the documents evidencing the Obligations or the Senior Loan Documents or any Guarantor thereof or in any other instrument given at any time to secure the payment of the Obligations or any other indebtedness due to the Mortgagee, after the expiration of the applicable cure period, if any; or (e) the existence of any material inaccuracy or untruth in any material representation, covenant or warranty contained in this Mortgage or in any other statement or certification as to facts delivered to Mortgagee by Mortgagor, or any guarantor; then and in every such case the



whole of said principal sum hereby secured shall, at once at the option of Mortgagee, become immediately due and payable, together with accrued interest thereon, without notice to Mortgagor; provided, however, that if a default under subsections (c) or (d) of this Section 13 be such that it cannot be corrected within thirty (30) days, Mortgagor shall not be in default if corrective action is initiated by Mortgagor within such period and diligently pursued until completion, with such default to be, in all events, cured within sixty (60) days or Mortgagor shall be in default hereunder.

Foreclosure; Expense of Litigation

14. When the indebtedness hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof and/or exercise any right, power or remedy provided in this Mortgage, Reimbursement Agreement or any of the other Loan Documents. In any suit to foreclose the lien hereof or enforce any other remedy of Mortgagee under this Mortgage or the Obligations, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title and value as Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true conditions of the title to or the value of the premises. All reasonable expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Obligations or the Premises, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor upon demand, with interest thereon at the Default Rate and shall be secured by this Mortgage.

It is agreed that during the continuance of an Event of Default, Mortgagee shall have the right to proceed with foreclosure proceedings in the satisfaction of said default as if under a full foreclosure, and without declaring the entire secured indebtedness due, and provided that if foreclosure sale is made because of default of a part of the secured indebtedness, such sale may be made subject to the unmatured part of the

secured indebtedness; and it is agreed that such sale, if so made, shall not in any manner affect the unmatured part of the secured indebtedness but as to such unmatured part this Mortgage shall remain in full force and effect as if no foreclosure sale had been made under the provisions of this section. And it is further agreed that several foreclosure sales may be made hereunder without exhausting the right of foreclosure sale for any unmatured part of the secured indebtedness, it being the purpose to provide for a foreclosure sale of the secured indebtedness for any matured portion of the secured indebtedness without exhausting the power to foreclose and to sell the premises for any other of the secured indebtedness whether matured at the time or subsequently maturing.

#### Application of Proceeds of Foreclosure Sale

15. The proceeds of any foreclosure (or partial foreclosure) sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding Section hereof; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Obligations, with interest thereon as herein provided; third, to the principal remaining unpaid on the Obligations; fourth, to interest remaining unpaid under the Obligations; and lastly, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

#### Appointment of Receiver

16. Upon, or at any time after the filing of a complaint to foreclose (or partially foreclose) this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not and Mortgagee hereunder or any Holders may be appointed as such receiver. Such receiver shall have power: (a) to collect the rents, issues and profits of the Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits; (b) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to

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be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; and (c) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (i) the indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; (ii) if this is a leasehold mortgage, all rents due or which may become due under the underlying lease; and (iii) the deficiency in case of a sale and deficiency.

#### Assignment of Rents and Leases

17. To further secure the indebtedness secured hereby, Mortgagor hereby sells, assigns and transfers unto Mortgagee all the rents, issues and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any letting of, or of any agreement for the use or occupancy of the Premises or any part thereof, which may have been heretofore or may be hereafter made or agreed to or which may be made or agreed to by Mortgagee under the powers herein granted, it being the intention hereby to establish an absolute transfer and assignment of all such leases and agreements, and all the avails thereunder, to Mortgagee. Mortgagor hereby irrevocably appoints Mortgagee its true and lawful attorney in its name and stead (with or without taking possession of the Premises as provided in Section 19 hereof) to rent, lease or let all or any portion of the Premises to any party or parties at such rental and upon such terms as Mortgagee shall, in its discretion, determine, and to collect all of said avails, rents, issues and profits arising from or accruing at any time hereafter, and all now due or that may hereafter become due under each and every of the leases and agreements, written or oral, or other tenancy existing, or which may hereafter exist on the Premises, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as Mortgagee would have upon taking possession pursuant to the provisions of Section 19 hereof. Notwithstanding the foregoing provisions of this Section 17, so long as no Event of Default shall exist under the Obligations, Mortgage or other Loan Documents, Mortgagor shall have the right and license to collect, use and enjoy all rents and other sums due or to become due under and by virtue of any lease as they respectively become due, but not more than thirty (30) days in advance.

Mortgagor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the Premises for more than one installment in advance without Mortgagee's prior written consent and that the payment of none of the rents to accrue for any portion of the said Premises has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by Mortgagor. If any lease provides for the abatement of rent during repair of the Premises demised thereunder by reason of fire or other casualty, Mortgagor shall furnish to Mortgagee rental insurance, the policies to be in amount and form and written by such insurance companies as shall be satisfactory to Mortgagee. Mortgagor agrees that it will not assign any of the rents or profits of the Premises, except to a purchaser or grantee of the Premises.

Nothing herein contained shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the taking of actual possession of the Premises by Mortgagee pursuant to Section 19 hereof. In the exercise of the powers herein granted Mortgagee, no liability shall be asserted or enforced against Mortgagee, all such liability being expressly waived and released by Mortgagor.

Mortgagor further agrees to assign and transfer to Mortgagee all future leases upon all or any part of the Premises and to execute and deliver, at the request of Mortgagee, all such further assurances and assignments in the Premises as Mortgagee shall from time to time require.

Although it is the intention of the parties that the assignment contained in this Section 17 shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this section until an Event of Default shall exist under this Mortgage or the Obligations.

#### Observance of Lease Assignment

18. In the event Mortgagor, as additional security for the payment of the indebtedness described in and secured hereby, has sold, transferred and assigned, or may hereafter sell, transfer and assign, to Mortgagee, its successors and assigns, any interest of Mortgagor as lessor in any lease or leases, Mortgagor expressly covenants and agrees that if Mortgagor, as lessor therein, shall fail to perform and fulfill any material term, covenant, condition or provision in said lease or leases, or any of them, on its part to be performed or fulfilled, at the times and in the manner in said lease or leases provided, or if Mortgagor shall suffer or permit to occur any material breach or default under the provisions of any assignment of any lease or leases of the Premises given as additional security for the payment of the indebtedness secured hereby, then and in any such



event, such breach or default shall constitute a default hereunder unless cured within thirty (30) days after notice from Mortgagee, and at the option of Mortgagee, and without notice to Mortgagor, all unpaid indebtedness secured by this Mortgage shall, notwithstanding anything in the Obligations or in this Mortgage to the contrary, become due and payable as in the case of other defaults; provided, however, that Mortgagor shall not be in default if corrective action is initiated by Mortgagor within such period and diligently pursued to completion, so long as the corrective action is completed within sixty (60) days from the date that Mortgagor receives notice of such default.

Mortgagee's Right of Possession in Case of Default

19. In any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings, whether before or after the whole principal sum secured hereby is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, Mortgagor shall forthwith, upon demand of Mortgagee, surrender to Mortgagee and Mortgagee shall be entitled to take actual possession of the Premises personally or by its agents or attorneys. In such event Mortgagee in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of said Premises, together with all documents, books, records, papers and accounts of Mortgagor or then owner of the Premises relating thereto, and may exclude Mortgagor, and his employees, agents or servants wholly therefrom, and may as attorney in fact or agent of Mortgagor, or in its own name as Mortgagee and under the powers herein granted, hold, operate, manage and control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, and with full power: (a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Mortgagor to cancel the same; (b) to eject to disaffirm any lease or sublease which is then subordinate to the lien hereof, subject to any non-disturbance agreement which Mortgagee may have entered into with such tenant or subtenant; (c) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases, may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall

be binding upon Mortgagor and all persons whose interests in the Premises are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; (d) to enter into any management, leasing or brokerage agreements covering the Premises; (e) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Premises as to it may seem judicious; (f) to insure and reinsure the same and all risks incidental to Mortgagee's possession, operation and management thereof; and (g) to receive all of such avails, rents, issues and profits; hereby granting full power and authority to exercise each of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Mortgagor.

Until such time as Mortgagee takes control of the Premises, Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Mortgagor shall and does hereby agree to indemnify and hold Mortgagee harmless of and from any and all liability, loss or damage which Mortgagee may or might incur under said leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against Mortgagee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases; provided, however, that once Mortgagee takes control of the Premises, Mortgagor shall not be obligated to indemnify Mortgagee for Mortgagee's acts. Should Mortgagee incur any such liability, loss or damage under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, together with interest at the Default Rate, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand.

Application of Income Received by Mortgagee

20. Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it, shall have full power to use and apply the avails, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as Mortgagee may determine:

(a) to the payment of the operating expenses of the Premises, including cost of management and leasing thereof (which shall include reasonable compensation to Mortgagee and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for

damages, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; and, if this is a leasehold mortgage, of all rents due or which may become hereafter due under the underlying lease;

(c) to the payment of all maintenance, repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements of the Premises, and of placing the Premises in such condition as will, in the reasonable judgment of Mortgagee, make it readily rentable;

(d) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale.

Mortgagee's Right of Inspection

21. Mortgagee and/or its representatives shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose upon reasonable advance notice.

Condemnation

22. Mortgagor hereby assigns, transfers and sets over unto Mortgagee the entire proceeds of any award or any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation. Mortgagee may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured hereby, whether due or not, or to require Mortgagor to restore or rebuild, in which event the proceeds shall be held by Mortgagee and used to reimburse Mortgagor for the cost of the rebuilding or restoring of buildings or improvements on said Premises, in accordance with plans and specifications to be submitted to and approved by Mortgagee. In the event Mortgagor is required or authorized by Mortgagee's election as aforesaid to rebuild or restore, the proceeds of the award shall be paid out in the same manner as is provided in Section 6 hereof for the payment of insurance proceeds toward the cost of rebuilding or restoration. If the amount of such award is insufficient to cover the cost of rebuilding or restoration, Mortgagor shall pay such cost in excess of the award, before being entitled to reimbursement out of the award. Any surplus which may remain out of said award after payment of such cost or rebuilding or restoration shall, at the option of Mortgagee, be applied on account of the indebtedness secured hereby or be paid to any other party entitled thereto.

Release upon Payment and Discharge of Mortgagor's Obligations

23. If Mortgagor shall fully pay all principal and interest on the Obligations, and all other indebtedness secured hereby and

comply with all of the other terms and provisions hereof to be performed and complied with by Mortgagor, then this Mortgage shall be null and void. Mortgagee shall release this Mortgage and the lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby and payment of a reasonable fee to Mortgagee for the preparation and recording of such release.

Giving of Notices

24. Any notice or demand which either party hereto may desire or be required to give to the other party shall be in writing, and shall be deemed given if and when personally delivered, or on the third business day after being deposited in the United States mail, postage prepaid, by certified mail, return receipt requested, or on the first business day after being deposited with a nationally recognized overnight delivery service, addressed to a party at its address set forth below, or at such other place as such party may have designated for itself by notice in writing in accordance herewith:

(a) If to Mortgagor:

Noemi Vargas  
6120 West Dakin  
Chicago, Illinois 60634

(b) If to Mortgagee:

Westbank  
2225 South Wolf Road  
Hillside, Illinois 60162  
Attention: John F. Kovacs

with a copy to:

Aronberg Goldgehn Davis & Garmisa  
One IBM Plaza, Suite 3000  
Chicago, Illinois 60611  
Attention: Andrew S. Williams, Esq.

Waiver of Defense

25. No action for the enforcement of the lien or any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Obligations.

Waiver of Right of Redemption and other Rights

26. To the full extent permitted by law, Mortgagor agrees that it will not at any time or in any manner whatsoever take any advantage of any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, nor take any advantage of any law now or hereafter in force



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providing for the valuation or appraisalment of the Premises, or any part thereof, prior to any sale thereof to be made pursuant to any provisions herein contained, or to any decree, judgment or order of any court of competent jurisdiction; or after such sale claim or exercise any rights under any statute now or hereafter

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in force to redeem the property so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights it may have to require that the Premises be sold as separate tracts or units in the event of foreclosure. To the full extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption under the Illinois Mortgage Foreclosure Act (the "Act"), on its own behalf, on behalf of all persons claiming or having an interest (direct or indirect) by, through or under Mortgagor and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and such other persons, are and shall be deemed to be hereby waived to the full extent permitted by applicable law. To the full extent permitted by law, Mortgagor agrees that it will not, by invoking or utilizing any applicable law or laws or otherwise, hinder, delay or impede the exercise of any right, power or remedy herein or otherwise granted or delegated to Mortgagee, but will permit the exercise of every such right, power and remedy as though no such law or laws have been or will have been made or enacted. Mortgagor acknowledges that the Premises do not constitute agricultural real estate as defined in 735 ILCS 5/15-2001 of the Act or residential real estate as defined in 735 ILCS 5/15-1219 of the Act.

#### Transfer of Title

27. In determining whether or not to make the loan secured hereby, Mortgagee examined the credit-worthiness of Mortgagor or Guarantor, if any, found the same to be acceptable and relied and continues to rely upon same as the means of repayment of the Obligations. Mortgagee also evaluated the background and experience of Mortgagor and the Guarantor, if any, in owning, developing and operating property such as the Premises, found the same acceptable and relied and continues to rely upon same as the means of maintaining the value of the Premises which is Mortgagee's security for the Obligations. Mortgagor and the Guarantor, if any, are well experienced in owning, developing and operating property such as the Premises, were ably represented by a licensed attorney at law with numerous years of experience in financial and real estate matters and in the negotiation and documentation of loans of this nature. Mortgagor and the Guarantor, if any, bargained at arm's length and without duress of any kind for all of the terms and conditions of the loan, including this provision.

In accordance with the foregoing and for the purposes of (i) protecting Mortgagee's security, both of repayment and of value of the Premises and (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor, any sale, conveyance, assignment, or other transfer of title to the Premises, or any interest in the Premises (whether voluntary or by operation of

law), including without limitation, the entering into of an installment agreement for the sale of the Premises, the placement or granting of liens on all or any part of the Premises or the placement or granting of chattel mortgages, conditional sales contracts, financing or security agreements which would be or create a lien on the personal property utilized in the operation of the Premises, or the placement or granting of a mortgage commonly known as a "wrap around" mortgage or a junior mortgage (except for a mortgage to the Village of Hampshire, Illinois ("Village") as security for a loan from the Village to the Mortgagor of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$250,000.00), without Mortgagee's prior written consent, shall be a default hereunder. Notwithstanding the foregoing, Mortgagee shall not unreasonably withhold or delay its consent to the granting of any easements to the village of Hampshire, Illinois for sanitary sewers or other public purposes or the dedication of a portion of the Premises to the Village of Hampshire, Illinois for right-of-way or other public purposes. For the purpose of, and without limiting the generality of, the preceding sentence, the occurrence at any time of any of the following events shall be deemed to be an unpermitted transfer of title to the Premises and, therefore, a default hereunder:

(a) any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, all or any part of the title to the Premises or the beneficial interest in, or power of direction under, the trust agreement with Mortgagor, if applicable; or

(b) any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any shares of stock of Mortgagor or of the corporation which is the beneficiary or one of the beneficiaries under the trust agreement with Mortgagor, if applicable, or of any corporation directly or indirectly controlling such beneficiary corporation; provided, however, that so long as Helmut Brandt or any members of his immediate family own directly or indirectly more than fifty one percent (51%) of the issued and outstanding shares of stock of Mortgagor, this provision shall not apply.

Any consent by Mortgagee, or any waiver by Mortgagee of a default under this Section 27 shall not constitute a consent to, or waiver of any right, remedy or power of Mortgagee upon a subsequent default under this Section 27. Mortgagor acknowledges that any agreements, liens, charges or encumbrances created in violation of the provisions of this Section 27 shall be void and of no force or effect.

In the event Mortgagee gives its written consent to the sale or transfer, whether by operation of law, voluntarily, or

otherwise, of all or any part of the Premises, Mortgagee shall be authorized and empowered to deal with the vendee or transferee with regard to the Premises, the indebtedness secured hereby, and any of the terms or conditions hereof as fully and to the same extent as it might with Mortgagor, without in any way releasing or discharging Mortgagor from any of its covenants hereunder, and without waiving Mortgagor's right of acceleration as provided herein. Mortgagor and any Guarantor agree that if this Section 27 be deemed a restraint on alienation, that it is a reasonable one.

Furnishing of Financial Statements to Mortgagee

28. Mortgagor shall furnish or cause to be furnished to Mortgagee the financial information required to be furnished to Mortgagee under Section 12 of the Reimbursement Agreement.

Definitions

29. (a) The term "Default Rate" as used herein shall mean interest at the rate of five percent (5%) per annum above the Interest Rate as provided in the documents evidencing the Obligations from time to time; (b) the word "Mortgagor" when used herein shall include the original Mortgagor named in the preambles hereof, its successors and assigns, and all owners from time to time of the Premises; (c) the word "beneficiary" when used herein shall mean any and all of the beneficiaries of the trust of Mortgagor, including the general partners of any general or limited partnership which is a beneficiary of the trust; (d) the word "Guarantor" when used herein shall mean any and all of the guarantors of the documents evidencing the Obligations; and (e) the words "holders" and "Mortgagee" when used herein shall include all successors and assigns of the original holder of the documents evidencing the Obligations and Mortgagee identified in the preambles hereof.

Binding on Successors and Assigns

30. This Mortgage and all provisions hereof shall be binding upon Mortgagor and all persons claiming under or through Mortgagor, and shall inure to the benefit of the Holders from time to time of the Obligations and of the successors and assigns of the Mortgagee.

Captions

31. The captions and headings of various sections of this Mortgage are for convenience only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Mortgagee's Lien for Service Charge and Expenses

32. At all times, regardless of whether any loan proceeds have been disbursed, this Mortgage secures (in addition to any loan proceeds disbursed from time to time) the payment of any and all loan commissions, service charges, liquidated damages,



expenses and advances due to or incurred by Mortgagee in connection with the loan to be secured hereby, all in accordance with the application and loan commitment issued in connection with this transaction.

Business Purpose

33. Mortgagor represents and agrees that the obligation secured hereby is an exempted transaction under the Truth-In-Lending Act, 15 U.S.C. 1601 et seq., and a business loan which comes within the purview of subsection (c) of Section 4 of "An Act in relation to the rate of interest and other charges in connection with sales on credit and the lending of money," 815 ILCS 205/4 (formerly Ill. Rev. Stat. ch. 17, Paragraph 6404), and that the proceeds of the obligation secured hereby will not be used for the purchase of registered equity securities within the purview of Regulation "U" promulgated by the Federal Reserve System.

Security Agreement and Financing Statement

34. Mortgagor and Mortgagee agree: (a) that this Mortgage shall constitute a Security Agreement within the meaning of the Code with respect to all sums on deposit with Mortgagee pursuant hereto ("Deposits") and with respect to any property included in the definition herein of the word "Premises," which property may not be deemed to form a part of the real estate described herein or may not constitute a "fixture" (within the meaning of Section 9-313 (810 ILCS 5/9-313) of the Code), and all replacements of such property, substitutions for such property, additions to such property, books and records relating to the Premises and operation thereof and the proceeds thereof (said property, replacements, substitutions, additions and the proceeds thereof being sometimes herein collectively referred to as the "Collateral"); and (b) that a security interest in and to the Collateral and the Deposits is hereby granted to the Mortgagee; and (c) that the Deposits and all of Mortgagor's right, title and interest therein are hereby collaterally assigned to Mortgagee; all to secure payment of the indebtedness hereby secured and to secure performance by the Mortgagor of the terms, covenants and provisions hereof.

Upon the occurrence of an Event of Default hereunder, Mortgagee, pursuant to the appropriate provisions of the Code, shall have an option to proceed with respect to both the real property and the Collateral in accordance with its rights, powers and remedies with respect to the real property, in which event the default provisions of the Code shall not apply. Mortgagee and Mortgagor agree that if Mortgagee shall elect to proceed with respect to the Collateral separately from the real property, five (5) days notice of the sale of the Collateral shall be reasonable notice. The expenses of retaking, holding, preparing for sale, selling and the like incurred by Mortgagee shall include, but not be limited to, reasonable attorneys' fees and legal expenses

incurred by Mortgagee. Mortgagor agrees that, without the written consent of Mortgagee, Mortgagor will not remove or permit to be removed from the Premises any of the Collateral except that so long as Mortgagor is not in default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of the Collateral when obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the Premises, but only upon replacing the same or substituting for the same other Collateral at least equal in value and utility to the initial value and utility of that disposed of and in such a manner that said replacement or substituted Collateral shall be subject to the security interest created hereby and that the security interest of Mortgagee shall be perfected and first in priority, it being expressly understood and agreed that all replacements, substitutions and additions to the Collateral shall be and become immediately subject to the security interest of this Mortgage and covered hereby.

Mortgagor shall, from time to time, upon written request of Mortgagee and at Mortgagor's sole cost, deliver to Mortgagee: (i) such further financing statements and security documents and assurances as Mortgagee may reasonably require, to the end that the liens and security interests created hereby shall be and remain protected and perfected in accordance with the requirements of any present or future law; and (ii) an inventory of the Collateral in reasonable detail. Mortgagor represents and covenants that all Collateral now is, and that all replacements thereof, substitutions therefor or additions thereof, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances, title retention devices and security interests of others. If the Collateral is sold in connection with the sale of the Premises, Mortgagor shall notify the Mortgagee prior to such sale and shall require as a condition of such sale that the purchaser specifically agrees to assume Mortgagor's obligations as to the security interests herein granted and to execute whatever agreements and filings are deemed necessary by the Mortgagee to maintain Mortgagee's first perfected security interest in the Collateral and the Deposits.

If there is any inconsistency between any provision of this Section and the Loan Agreement, the provisions of the Loan Agreement shall govern to the extent of the inconsistency.

Partial Invalidity; Maximum Allowable Rate of Interest

35. Mortgagor and Mortgagee intend and believe that each provision in this Mortgage and the documents evidencing the Obligations materially comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Mortgage or the documents evidencing the Obligations is found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if

such court should declare such portion, provision or provisions of this Mortgage and the Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent both of Mortgagor and Mortgagee that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable, that the remainder of this Mortgage and the documents evidencing the Obligations shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interest of Mortgagor and Mortgagee under the remainder of this Mortgage and the Note shall continue in full force and effect. All agreements herein and in the documents evidencing the Obligations are expressly limited so that in no contingency or event whatsoever, whether by reason of advancement of the proceeds hereof, acceleration of maturity of the unpaid principal balance of the Obligations, or otherwise, shall the amount paid or agreed to be paid to the Holders for the use, forbearance or detention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable usury laws. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the documents evidencing the Obligations or any other agreement referred to herein, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed 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 limit of such validity; and if from any circumstance the Holders shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due under the Obligations and not to the payment of interest.

#### Environmental Laws

36. (a) Mortgagor represents and warrants that: (i) neither Mortgagor, nor to the best knowledge of Mortgagor, any other person or entity has ever caused or permitted nor will Mortgagor cause any Hazardous Material (as hereinafter defined) to be generated, released, stored, disposed of, buried or deposited over, beneath, in or upon, the Premises or any part thereof or from the Premises into the atmosphere or any watercourse, body of water, ground water, wetlands or publicly or privately owned well or onto any other parcel of property in violation of any applicable Environmental Laws or to be used in the construction of buildings and improvements of any nature whatsoever on the Premises; or to the best of Mortgagor's knowledge, over, beneath, in or on adjacent parcels or parcels in the immediate vicinity of the Premises; (ii) Mortgagor has conducted or will have caused to be conducted appropriate inquiry into the current and previous uses of the Premises in a manner consistent with reasonable commercial or customary practice for purposes of meeting the standards for an "Innocent Purchaser"

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under CERCLA (as hereinafter defined); (iii) Mortgagor's operations and to Mortgagor's knowledge, the Premises are in compliance with all Environmental Laws; (iv) to Mortgagor's knowledge, no permits are held or required to be held nor are any registrations or notices required to be made with respect to the Premises under any Environmental Laws; (v) none of the Premises has ever been used (whether by Mortgagor or, to Mortgagor's knowledge, by any other person) as a treatment, storage or disposal (whether permanent or temporary) site for any Hazardous Material in violation of any applicable Environmental Laws; (vi) with respect to the Illinois Responsible Property Transfer Act, 765 ILCS 90/1 et seq.; ("IRPTA"): (1) to Mortgagor's knowledge, no disclosure document is required by IRPTA; (2) there are no underground storage tanks located on the Premises; and (3) to Mortgagor's knowledge, the Premises do not contain any facilities which are subject to reporting under Section 312 of the Federal Emergency Planning and Community Right to Know Act of 1986, and the federal regulations promulgated thereunder; (vii) the Mortgagor has not received any notice of any violations of (and they are not aware of any existing violations) any Environmental Laws and, to the best of Mortgagor's knowledge, there have been no actions commenced or threatened by any party against Mortgagor or the Premises for noncompliance with any Environmental Laws; and (viii) no lien, encumbrance or preferential arrangement of any kind for any liabilities arising under any Environmental Laws has attached to, or been asserted against, all or any portion of the Premises.

(b) For purposes hereof: (i) the term "Environmental Laws" means and includes, without limitation, any federal, state or local law, statute, regulation or ordinance and any order, judgment or decree of any court or administrative body now or hereafter enacted or issued, relating to any Hazardous Material or pertaining to health, industrial hygiene or the environmental or ecological conditions on, under or about the Premises, including without limitation each of the following: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 6901 et seq.; the Toxic Substance Control Act, as amended, 15 U.S.C. § 2601 et seq.; the Illinois Environmental Protection Act, as amended ("IEPA"), 415 ILCS 5/1 et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.; the Federal Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the National Environmental Policy Act of 1975, as amended, 42 U.S.C. § 4321 et seq.; and the rules, regulations and ordinances of the U.S. Environmental Protection Agency and the County of Kane and of all other relevant agencies, boards, commissions and other governmental bodies and officers having jurisdiction over the Premises or the use or operation thereof; and (ii) the term "Hazardous Material" means and



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includes, without limitation: (1) those substances included within the definitions of "hazardous substance," "hazardous waste," "toxic substance," "solid waste," "pollutant" or "contaminant" in any Environmental Laws; and (2) any material, waste or substance which is any of the following: (A) asbestos or any material composed of or containing asbestos; (B) polychlorinated biphenyls; (C) petroleum or any petroleum based substance or waste or any constituent of any such substance, waste or product; (D) highly flammable or explosive; or (E) radioactive; and (iii) those other substances, materials and wastes which are or become regulated under any Environmental Laws, or which are or become classified as hazardous or toxic by any Environmental Laws.

(c) Mortgagor covenants and agrees that Mortgagor will indemnify, hold harmless, and defend Mortgagee and any current or former officer, director, employee or agent of Mortgagee (individually an "Indemnitee" and collectively, the "Indemnitees"), promptly following written demand by any Indemnitee from any and all claims, losses, damages, liabilities, injuries, response costs, fines, penalties, clean-up costs and reasonable expenses arising out of or in any way relating to: (i) the existence of Hazardous Material over, beneath, in or upon the Premises, or the escape, seepage, leakage, spillage, discharge, emission, transportation or release from the Premises of any Hazardous Material into the atmosphere or any watercourse, body of water, ground water, wetlands or publicly or privately owned well, or onto any other parcel of property in violation of any applicable Environmental Laws; (ii) any non-compliance with IRPTA; (iii) any violation or alleged violation of any Environmental Laws, regarding, arising out of or in connection with the Premises or the operations of Borrower; or (iv) the breach of any of the representations, warranties, covenants and agreements set forth in the foregoing paragraphs hereof; with such claims, losses, damages, response costs, clean-up costs and expenses including, but not limited to: (a) claims of third parties (including, but not limited to, governmental agencies) for damages, fines, penalties, response costs, clean-up costs, injunctive or other relief; (b) costs and expenses of clean-up, removal, or containment whether incurred by Mortgagee or any third parties, including fees of attorneys and experts, and costs of reporting the existence of Hazardous Material to any governmental agency; and (c) any and all reasonable expenses or obligations incurred at, before and after any trial or appeal therefrom whether or not taxable as costs, including, without limitation, reasonable attorneys' fees, witness fees, deposition costs, copying and telephone charges and other expenses. The representations, warranties, covenants and agreements contained herein and the obligations of Mortgagor to indemnify Mortgagee and the other Indemnitees with respect to the expenses, damages, losses, costs, damages and liabilities set forth in the foregoing paragraphs shall not be limited to the amount of the Obligations

and shall survive the foreclosure of any liens on the Premises in favor of Mortgagee or a third party or the conveyance thereof by deed in lieu of foreclosure (and shall not be limited to the amount of any deficiency in any foreclosure sale of Property), repayment of all amounts due under the Obligations, the cancellation of the Obligations, and the satisfaction and release of the Mortgage and the release of any and all other loan documents evidencing the termination of the lending relationship between Mortgagor and Mortgagee, and shall continue to be the personal liability, obligation and indemnification of Mortgagor forever.

37. Intentionally deleted.

Senior Mortgage

38.1 Covenants with Respect to Senior Documents.

(a) Notwithstanding anything contained in this Mortgage to the contrary, this Mortgage is and will remain subject and subordinate to the lien of the Senior Mortgage. Mortgagor covenants and agrees to comply with all of the terms and provisions of the Senior Loan Documents. If Mortgagor shall default in the performance of any term or provision contained in this Mortgage or in the Note, the owner or holder of the Note may, but shall not be obligated to, pay any principal or interest due under the Senior Loan Documents. To the extent the owner and holder of the Note pays any installment of principal or interest or any other sums due under the Senior Loan Documents, the said owner and holder shall become entitled to a lien on the Premises covered by this Mortgage.

(b) Mortgagor shall give Mortgagee a copy of all notices given Mortgagor with respect to a default under any of the Senior Loan Documents within five (5) days after receiving such notice.

(c) Mortgagor shall not, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, enter into any modification, extension, amendment, agreement or arrangement in connection with any of the Senior Loan Documents.

38.2 Default under Senior Loan Documents; Mortgagee's Right

to Cure. In the event Mortgagor is declared by the holder of the Senior Loan Documents to be in default with respect to any requirement of any of the Senior Loan Documents, Mortgagor agrees that said default shall constitute a Default hereunder. Upon the occurrence of such Default, in addition to any other rights or remedies available to Mortgagee, Mortgagee may, but need not, make any payment or perform any act required to cure or attempt to cure any said default under any of the Senior Loan Documents in any manner and form deemed expedient by Mortgagee. Mortgagee shall not be responsible for determining the validity or accuracy

of any claim of default made by the lender under the Senior Loan Documents and the payment of any sum by Mortgagee in curing or attempting to cure any alleged default or omission shall be presumed conclusively to have been reasonable, justified and authorized. Mortgagor hereby grants to Mortgagee an irrevocable power of attorney, which power of attorney is coupled with an interest, for the term of this Mortgage to cure any default or forfeiture which may occur under the Senior Mortgage. Mortgagor further agrees to execute a formal and recordable power of attorney granting such right at any time during the existence of this Mortgage if requested by Mortgagee. All monies paid by Mortgagee in curing any default under the Senior Loan Documents, including reasonable attorneys' fees and costs in connection therewith, shall bear interest from the date or dates of such payment at the Default Rate, shall be paid by Mortgagor to Mortgagee on demand, and shall be deemed a part of the indebtedness and recoverable as such in all respects. Any inaction on the part of the Mortgagee shall not be construed as a waiver of any right accruing to Mortgagee on account of any Default hereunder.

38.3 Mortgagee's Right to Prepay Senior Note. During the occurrence of an Event of Default hereunder, Mortgagee may prepay the entire balance due under the Senior Loan Documents, and any prepayment fees or penalty incurred by Mortgagee in connection with such prepayment shall bear interest from the date of such payment at the Default Rate, shall be paid by Mortgagor to Mortgagee upon demand, and shall be deemed a part of the indebtedness and recoverable in all respects.

38.4 Insurance and Condemnation Proceeds. Mortgagee, its successors or assigns, or any other legal holder of this Mortgage hereby assigns to the legal holder of the Senior Mortgage:

(a) All of its right, title, interest or claim, if any, in and to the proceeds of all policies of insurance covering the Premises for application upon the indebtedness secured by or other disposition thereof in accordance with the provisions of the Senior Mortgage; and

(b) All of its right, title and interest or claim, if any, in and to all awards or other compensation made for any taking of any part of the Premises to be applied upon the indebtedness secured by or other disposition thereof in accordance with the provisions of the Senior Mortgage.

In the event that, following any such application and disposition of the insurance proceeds and condemnation award and other compensation, any balance remains, then such excess shall be made payable to the order of the Mortgagee or its successors or assigns.

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If the legal holder of the Senior Mortgage shall at any time release to the Mortgagor any such insurance proceeds or condemnation award for the purpose of restoration of the Premises, such release shall not be deemed to be an additional advance under the Senior Mortgage nor shall it otherwise be deemed to be in violation of any restriction of this Mortgage upon the amount permitted to be secured by the Senior Mortgage.

## Remedies Cumulative and Non-Waiver

39. No remedy or right of the Mortgagee hereunder or under the Note, or any of the other Loan Documents or otherwise, or available under applicable law, shall be exclusive of any other right or remedy, but each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of or omission to exercise, any remedy or right accruing on any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature, nor shall it extend or affect any grace period. Every such remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by the Mortgagee. All obligations of the Mortgagor and all rights, powers, and remedies of the Mortgagee expressed herein shall be in addition to, and not in limitation of, those provided by law or in the Note or in any of the Loan Documents or any other written agreement or instrument relating to any of the indebtedness secured hereby or any security therefor.



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

Noemi Vargas  
Noemi Vargas

STATE OF ILLINOIS )  
                          ) SS.  
COUNTY OF COOK    )

I, Paula Podvin, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Noemi Vargas, who 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 she signed and delivered the said instrument as her own free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 31<sup>st</sup> day of July, 2001.

Paula Podvin  
Notary Public

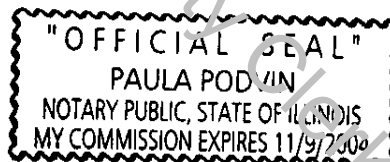


EXHIBIT A

Legal Description

Lot 7 in Albert J. Schorsch Irving Park Boulevard Gardens, First Addition, a Resubdivision of Schorsch Brothers Irving Park Boulevard Gardens, a Subdivision of the East half of the West half of the East half of the North half of the Northwest quarter (except the North 155 feet thereof) of Section 20, Township 40 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois.

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## EXHIBIT B

### Permitted Encumbrances

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1. Real Estate taxes not yet due and payable
2. The Senior Mortgage

215719.1

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