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This instrument was prepared by and after recording should be returned to:
Jeffery L. Keffer, Esquire
Brown Rudnick Berlick Israels LLP
One Financial Center
Boston, MA 02111

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Lawyers Title Insurance Corporation

LEASEHOLD MORTGAGE AND SECURITY AGREEMENT AND FIXTURE FILING

Cook County, Illinois

KNOW ALL MEN BY THESE PRESENTS that Farley's & Sathers Candy Company, Inc., a Delaware corporation, having an address at c/o One Sather Plaza, P.O. Box 28, Round Lake, MN 56167 (hereinafter called "Mortgagor" or "Borrower") for consideration paid, hereby grants, conveys, mortgages, transfers, assigns and sets-over unto Congress Financial Corporation (New England), a Massachusetts corporation, having a place of business at One Post Office Square, Suite 3600, Boston, Massachusetts 02109, (hereinafter called "Mortgagee" or "Lender"), the Mortgaged Property (as defined below) to secure the Obligations (as defined below).

The term Mortgagor shall include wherever the context permits its successors and assigns. The term Lender shall include, wherever the context permits, its successors and assigns as the holder for the time being of this Mortgage and Security Agreement and the Loans and other Obligations hereby secured.

This Leasehold Mortgage and Security Agreement is granted pursuant to the terms, provisions and conditions of an agreement captioned "Loan and Security Agreement" dated as of even date between Mortgagor and Lender ("Loan Agreement"). Capitalized terms used herein which are not otherwise specifically defined shall have the same meaning herein as in the Loan Agreement.

The term "Mortgaged Property" shall mean and include all of the following described property:

A. Real Estate. All of Mortgagor's right, title and interest in the land more particularly described on Exhibit A which is annexed hereto and made a part hereof ("Land")

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together with the improvements and other structures now or hereafter situated thereon (such improvements being sometimes called the "Improvements") located at 1665 East Birchwood Avenue, Des Plaines, Cook County, Illinois, together with all rights, privileges, tenements, hereditaments, appurtenances, easements, including, but not limited to, rights and easements for access and egress and utility connections, and other rights now or hereafter appurtenant thereto ("Real Estate"). The Real Estate currently is leased by David E Babiarz ("Ground Lessor") to D.J. Acquisition Corp., an Illinois corporation, Lessee, pursuant to that certain Ground Lease and recorded Memorandum thereof dated January 27, 1997 recorded January 29, 1997 as Document Number 97065832, as assigned pursuant to that certain Assignment of Lease by and between Favorite Brands International, Inc., a Delaware corporation (successor by merger to Farley Candy Company, a Delaware corporation, successor by merger to Dae-Julie, Inc., formerly known as D.J. Acquisition Corp., an Illinois corporation), assignor, and Nabisco, Inc., n/k/a Kraft Foods North America, Inc., assignee, dated November 18, 1999 and recorded December 21, 1999 as Document Number 09184694 as further assigned pursuant to that certain Assignment of Lease by and between Kraft Foods North America, Inc., assignor and Mortgagor, assignee, of even date and recorded herewith, assigning the above lease ("Ground Lease");

B. Fixtures. All real estate fixtures or items which by agreement of the parties may be deemed to be such fixtures, now or hereafter owned by Mortgagor, or in which Mortgagor has or hereafter obtains an interest, and now or hereafter located in or upon the Real Estate, or now or hereafter attached to, installed in, or used in connection with any of the Real Estate, including, but not limited to, any and all portable or sectional buildings, bathroom, plumbing, heating, lighting, refrigerating, ventilating and air-conditioning apparatus and equipment, garbage incinerators and receptacles, elevators and elevator machinery, boilers, furnaces, stoves, tanks, motors, sprinkler and fire detection and extinguishing systems, doorbell and alarm systems, window shades, screens, awnings, screen doors, storm and other detachable windows and doors, mantels, partitions, built-in cases, counters and other fixtures whether or not included in the foregoing enumeration ("Fixtures");

C. Additional Appurtenances. All bridges, easements, rights of way, licenses, privileges, hereditaments, permits and appurtenances hereafter belonging to or enuring to the benefit of the Real Estate and all right, title and interest of Mortgagor in and to the land lying within any street or roadway adjoining any of the Real Estate and all right, title and interest of Mortgagor in and to any vacated or hereafter vacated streets or roads adjoining any of the Real Estate and any and all reversionary or remainder rights ("Additional Appurtenances");

D. Awards. All of the right, title and interest of Mortgagor in and to any award or awards heretofore made or hereafter to be made by any municipal, county, state or federal authorities to the present or any subsequent owners of any of the Real Estate, or the Land, or the Improvements, or the Fixtures, or the Additional Appurtenances, or the Leases or the Personal Property, including, without limitation, any award or awards, or settlements or payments, or other compensation hereafter made resulting from (x) condemnation proceedings or the taking of the Real Estate, or the Land, or the Improvements, or the Fixtures, or the Additional Appurtenances, or the Leases or the Personal Property, or any part thereof, under the power of eminent domain, or (y) the alteration of grade or the location or discontinuance of any street

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adjoining the Land or any portion thereof, or (z) any other injury to or decrease in value of the Mortgaged Property ("Awards");

E. Leases. All of Mortgagor's right, title and interest in and to all leases, occupancy agreements, subleases, or other agreements now or hereafter entered into arising under the Ground Lease and all guaranties thereunder and all rents, issues, profits, revenues, earnings and royalties therefrom, and all right, title and interest of Mortgagor thereunder, including, without limitation, cash, letters of credit, or securities deposited thereunder to secure performance by the tenants or occupants of their obligations thereunder, whether such cash, letters of credit, or securities are to be held until the expiration of the terms of such leases or occupancy agreements or applied to one or more of the installments of rent coming due prior to the expiration of such terms including, without limitation, the right to receive and collect the rents thereunder ("Leases");

F. Ground Lease. All of Mortgagor's right, title and interest in and to the Ground Lease and the leasehold estate created by the Ground Lease, including without limitation that certain option to purchase the fee interest in the Real Estate contained in the Ground Lease;

G. Purchase and Sale Agreements. All purchase and sale agreements now or hereafter entered into of the Real Estate, or any portion thereof, including, without limitation, cash, letters of credit or securities deposited thereunder to secure performance by the purchasers of their obligations thereunder ("Purchase and Sale Agreements"); and

H. Personal Property. All tangible and intangible personal property now owned or at any time hereafter acquired by Mortgagor of every nature and description, and whether or not used in any way in connection with the Real Estate, the Fixtures, the Additional Appurtenances, the Purchase and Sale Agreements or any other portion of the Mortgaged Property, including, without limitation express or implied upon the generality of the foregoing, all Equipment, Goods, Inventory, Fixtures, Accounts, Instruments, Documents and General Intangibles (as each such capitalized term is defined in the Uniform Commercial Code in effect in the state where the Real Estate is situated) and further including, without any such limitation, the following whether or not included in the foregoing: materials; supplies; furnishings; chattel paper; money; bank accounts; security deposits; utility deposits; any insurance or tax reserves deposited with Lender; any cash collateral deposited with Lender; claims to rebates, refunds or abatements of real estate taxes or any other taxes; contract rights (to the extent permitted under such contracts); plans and specifications; licenses, permits, approvals (to the extent permitted by applicable law) and other rights; the rights of Mortgagor under contracts (to the extent permitted under such contracts) with respect to the Real Estate or any other portion of the Mortgaged Property; signs, brochures, advertising, the name by which the Mortgaged Property is known and any variation of the words thereof, and good will; copyrights, service marks, and all goodwill associated therewith; and trademarks; all proceeds paid for any damage or loss to all or any portion of the Real Estate, the Fixtures, the Additional Appurtenances, or any other portion of the Mortgaged Property ("Insurance Proceeds"); all Awards; all Leases; all Purchase and Sale Agreements; all books and records; and all proceeds, products, additions, accessions, substitutions and replacements to any one or more of the foregoing (collectively, the "Personal Property").

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The term "Obligations" shall have the meaning given such term in the Loan Agreement and shall include, without limitation, the following:

A. The payment of the principal sums, interest at variable rates, additional interest on interest, charges and indebtedness (including contingent obligations with respect to letters of credit) arising under or evidenced by the Loan Agreement;

B. The payment, performance, discharge and satisfaction of each covenant, warranty, representation, undertaking and condition to be paid, performed, satisfied and complied with by Mortgagor under and pursuant to this Mortgage, and the Collateral Assignment of Leases and Rents of even date from Mortgagor to Lender in connection with the Mortgaged Property ("Assignment of Leases and Rents") and also by Borrower under and pursuant to the Loan Agreement and the other Financing Agreements referred to in, or executed in connection with, the Loan Agreement;

C. The payment of all costs, expenses, legal fees and liabilities incurred by Lender in connection with the enforcement of any of Lender's rights or remedies under this Mortgage, the Assignment of Leases and Rents, the other Financing Agreements, or any other instrument, agreement or document which evidences or secures any other Obligations or collateral therefor, whether now in effect or hereafter executed; and

D. The payment, performance, discharge and satisfaction of all other liabilities and obligations of Mortgagor to Lender, whether now existing or hereafter arising, direct or indirect, absolute or contingent, and including, without limitation express or implied upon the generality of the foregoing, each liability and obligation of Mortgagor under any one or more of the Financing Agreements and any amendment, extension, modification, replacement or recasting of any one or more of the instruments, agreements and documents referred to herein or therein or executed in connection with the transactions contemplated hereby or thereby.

This instrument is sometimes referred to as "this Mortgage".

The Obligations secured hereby shall not exceed an aggregate amount, at any one time outstanding of One Hundred Thirty Two Million and no/100 Dollars (\$132,000,000), provided, that the foregoing limitation shall apply only to the lien upon the real property created by this Mortgage, and it shall not in any manner limit, affect or impair any grant of a security interest or other right in favor of the Mortgagee under the provisions of the Loan Agreement or under any other security agreement at any time executed by Mortgagor;

This Mortgage secures the payment of future advances of Revolving Loans which may be made after the date hereof to the same extent as if such future advances were made on the date of the execution of this Mortgage, although there may be no advance made on the date of the execution of this Mortgage, and although there may be no indebtedness outstanding at the time any advance is made. The total principal amount of the Obligations secured by this Mortgage may decrease or increase from time to time but the total unpaid principal balance so secured at any one time shall not exceed Sixty Six Million Dollars (\$66,000,000), plus interest thereon, and any and all disbursements made by Mortgagee for the payment of taxes, special assessments or insurance on the Property, with interest on such disbursements. The parties hereby acknowledge

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and intend that all advances of the Revolving Loans, including future advances whenever hereafter made, shall be a lien from the time this Mortgage is recorded.

Borrower hereby grants to Lender a continuing security interest in all of the Mortgaged Property in which a security interest may be granted under the Uniform Commercial Code as such is in effect in the state where the Property is located (the "State") including, without limitation, the Fixtures and the Personal Property, whether now or at any time hereafter acquired, to secure all Obligations.

This instrument is intended to take effect as a security agreement encumbering each and every item of Personal Property included herein as part of the Mortgaged Property or as to which Borrower has granted a security interest to Lender, pursuant to the Uniform Commercial Code ("UCC") as presently in effect in the State and this Mortgage shall be effective as a financing statement and as a fixture filing. The name of the record owner of said real estate is Borrower. Information concerning the security interest created by this instrument may be obtained from Lender, as secured party, at its address as set forth in page one of this Mortgage. The name and address of Borrower, as debtor, are as set forth in page one to this Mortgage.

Mortgagor covenants, warrants, represents and agrees with Lender, its successors and assigns, that:

1. Title. Mortgagor has good record and marketable title in a leasehold interest in the Mortgaged Property and has good right, full power and lawful authority to grant and convey the same in the manner aforesaid; and that the Mortgaged Property are free and clear of all encumbrances and exceptions, except for the title exceptions, if any, as set forth on Exhibit B which is annexed hereto and made a part hereof (the "Permitted Title Exceptions"). Mortgagor shall make any further assurances of title that Lender may in good faith require including, without limitation, such further instruments as may be requested by Lender to confirm the assignment to Lender of all Awards.

2. Performance of Obligations. Mortgagor shall pay the Loans and interest thereon as the same shall become due and payable, and pay and perform and observe all of the obligations and conditions set forth in each of this Mortgage, the Assignment of Leases and Rents, the Loan Agreement and each of the other Financing Agreements or other agreements, if any, executed by Mortgagor in connection with the Loans.

3. Protection and Maintenance. Mortgagor shall protect and maintain, or cause to be maintained, in good, operating and substantial order, repair and tenantable condition at all times, the buildings and structures now standing or hereafter erected on the Mortgaged Property, and any additions and improvements thereto, and all Personal Property now or hereafter situated therein, and the utility services, the parking areas and access roads, and all building fixtures and equipment and articles of personal property now or hereafter acquired and used in connection with the operation of the Mortgaged Property. Mortgagor shall promptly replace any of the aforesaid which may become lost, destroyed or unsuitable for use with other property of first-class character.

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4. Insurance Coverages. Mortgagor shall insure the Mortgaged Property and the operation thereof with such coverages and in such amounts as are required by the provisions of Section 33 of this Mortgage and shall at all times keep such insurance in full force and effect and pay all premiums therefor annually, in advance. The original or certified copies of all such policies of insurance (or certificates or binders thereof issued by the insurer in form, content and manner of execution reasonably satisfactory to Lender) shall be delivered to Lender, and Mortgagor shall deliver to Lender a new policy or certified copy thereof (or such a certificate) as replacement for an expiring policy (or such a certificate) required to be deposited hereunder together with proof of payment of the premiums therefor annually in advance at least thirty (30) days before the date of such expiration. Mortgagor hereby irrevocably appoints Lender its true and lawful attorney-in-fact, with full power of substitution, to assign any such policy in the event of the foreclosure of this Mortgage.

5. Insurance Proceeds. Subject to Section 33, the proceeds of any hazard insurance, at the option of Lender, shall be applied to or toward the Obligations in such order as Lender may determine. Notwithstanding anything in this Section 5 to the contrary, however, if the insurer denies liability to Mortgagor, Mortgagor shall not be relieved of any obligation under Section 3 of this Mortgage. If, pursuant to the provisions of Section 33, Lender applies insurance proceeds to the Obligations and does not release the same to Mortgagor, the obligation of Mortgagor to repair, restore or rebuild shall be limited to taking all actions reasonably required to make the Mortgaged Property safe and in compliance with applicable legal requirements and to restore the undamaged portion to an economically functional unit to the extent that it is reasonably possible to do so.

6. Eminent Domain. Subject to Section 33, the Awards of damages on account of any condemnation for public use of, or injury to, the Mortgaged Property shall be paid to Lender; such Awards shall, at the option of Lender, be applied to or toward the Obligations in such order as Lender may determine, or in the case of a partial taking, at Lender's discretion, may be so applied or released to Mortgagor upon such conditions as Lender may prescribe to be applied to restoration of that part of the Mortgaged Property which remains, but not more than such portion of such Awards as may be required to restore or repair such damage or injury shall be so released; and any balance remaining shall be applied by Lender to or toward the Obligations in such order as Lender may determine. If Lender applies such Awards to the Obligations and does not release the same to Mortgagor, the obligation of Mortgagor to repair, restore or rebuild shall be limited to taking all actions reasonably required to make the Mortgaged Property, or what remains thereof, safe and in compliance with applicable legal requirements and to restore the remaining portion to an economically functional unit to the extent that it is reasonably possible to do so.

7. No Waste; Compliance With Law. Mortgagor shall not commit or suffer any strip or waste of the Mortgaged Property, or any portion thereof, or any violation of any law, rule, regulation, ordinance, license or permit, or the requirements of any licensing authority affecting the Mortgaged Property or any business conducted thereon, and shall not commit or suffer any demolition, removal or material alteration of any of the Mortgaged Property (except for the replacement of Fixtures and Personal Property in the ordinary course of business, so long as items of comparable value and quality are installed free and clear of liens in favor of any other

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party), without the express prior written consent of Lender in each instance which consent shall not be unreasonably withheld or delayed, and shall not violate nor suffer the violation of the covenants and agreements, if any, of record against the Mortgaged Property, and in all respects Mortgagor shall do all things necessary to comply with, and keep in full force and effect all licenses, permits and other governmental authorizations for the operation of the Mortgaged Property for its intended purposes, including, without limitation express or implied, the licenses, permits and authorizations referenced in the Loan Agreement.

8. Environmental and Related Matters; Indemnification.

A. Mortgagor shall at all times comply with all of the terms, conditions and provisions imposed on Mortgagor under Section 9.3 of the Loan Agreement (the "Environmental Indemnity") in connection with the Mortgaged Property. The term Environmental Laws shall have the meaning set forth in the Loan Agreement.

B. Mortgagor shall not suffer or permit any violation to exist under, and shall comply with, all Environmental Laws with respect to the Mortgaged Property or any other property of Mortgagor.

C. Mortgagor shall not use, or permit the use of, all or any portion of the Mortgaged Property for the storage, treatment, use or disposal of any substance for which a license or permit is required by Environmental Laws, unless and only so long as all required licenses and permits are obtained and there is compliance with all Environmental Legal Requirements.

D. Without limitation express or implied upon any other requirements of this Mortgage, Mortgagor shall pay all such sums and take all such actions as may be required to avoid or discharge the imposition of any lien on the Mortgaged Property under any Environmental Laws.

E. Mortgagor represents and warrants to the best of its knowledge, and covenants that:

(i) No toxic or hazardous substances, including without limitation asbestos and the group of organic compounds known as polychlorinated biphenyls, have been, are or shall be generated, treated, stored or disposed of, or otherwise deposited in or located on the Premises, including without limitation the surface and subsurface waters of the Premises;

(ii) No activity has been, is or shall be undertaken on the Premises which has caused or would cause (1) the Premises to become a hazardous waste treatment, storage or disposal facility within the meaning of, or otherwise bring the Premises within the ambit of, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901 et seq., as the same may be amended from time to time ("RCRA"), or any similar state laws, regulations or local ordinances, (2) a release or threatened release of hazardous waste from the Premises within the ambit of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§9601-9657, as the same may be amended from time to time ("CERCLA"), or the Toxic

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Substances Control Act, 15 U.S.C. §§2601-2629 ("TSCA"), or any similar state laws, regulations or local ordinances, or (3) the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., or the Clean Air Act, 42 U.S.C. §7401, et seq., or any similar state laws, regulations or local ordinances;

(iii) Neither Mortgagor, nor any tenant or other occupant of the Premises, nor any other party, has caused or suffered to occur, and Mortgagor shall not hereafter cause or suffer to occur, a discharge, spillage, uncontrolled loss, seepage or filtration of oil or petroleum or chemical liquids or solids, liquid or gaseous products or hazardous waste, as those terms are used in Chapter 415 ILCS 5/1 et seq. of the State Statutes, as the same may be amended from time to time (the "Environmental Act"), at, upon, under or within the Premises or any contiguous real estate which has been included in the property description of the Premises within the preceding three years, and neither Mortgagor, nor any tenant or other occupant of the Premises, nor any other party has been, is or shall be involved in operations at or near the Premises, nor are there or shall there be any substances or conditions in or on the Premises, which could support a claim or cause of action or lead to the imposition on Mortgagor or any other owner or operator of the Premises of liability or the creation of a lien on the Premises, under any Environmental Law including, without limitation, under RCRA, CERCLA, TSCA, the Environmental Act, or any other Federal, state or local environmental laws, regulations or ordinances;

F. Mortgagor shall at all times comply with all of the terms, conditions and provisions imposed under such Environmental Indemnity and both before and after the repayment of the Obligations, at Mortgagor's sole cost and expense, indemnify, exonerate and save harmless Lender and each other indemnified party against and from all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind whatsoever, including, without limitation, attorneys' fees and experts' fees and disbursements which may at any time be imposed upon, incurred by or asserted or awarded against Lender or any other indemnified party and arising from or out of any violation of the obligations under such Environmental Indemnity.

9. Payment of Taxes and Prevention of Liens. Mortgagor shall pay before delinquent or before any penalty for nonpayment attaches thereto, all taxes, assessments and charges of every nature and to whomever assessed that may now or hereafter be levied or assessed upon the Mortgaged Property or any part thereof, or upon the rents, issues, income or profits thereof or upon the lien or estate hereby created, whether any or all of said taxes, assessments or charges be levied directly or indirectly or as excise taxes or as income taxes. Mortgagor may apply for tax abatements and prosecute diligently and in good faith claims for refund so long as: (i) no additional taxes, interest thereon or penalties are incurred thereby, (ii) a sufficient tax reserve fund as determined by Lender in good faith has been deposited with Lender, and (iii) no proceedings are instituted to divest Mortgagor of title to all or any portion of the Mortgaged Property. Mortgagor shall pay all sums which, if unpaid, may result in the imposition of a lien on the Mortgaged Property before such lien may attach (except that real estate taxes need not be paid prior to the due date thereof) or which may result in conferring upon a tenant of any part or all of the Mortgaged Property a right to recover such sums as prepaid rent.

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10. Due On Sale; No Other Encumbrances; No Transfer of Ownership Interests; Failure to Comply with Permitted Exceptions. Except as otherwise specifically provided for in the Loan Agreement, it shall be an Event of Default under the Loan Agreement, a breach of the conditions of this Mortgage and an event permitting Lender to accelerate all indebtedness secured hereby, if, without Lender's prior written consent in each instance, which consent may be granted, withheld or conditionally granted in Lender's sole discretion: (a) there is any sale, conveyance, transfer or encumbrance of, or lien imposed upon, all or any portion of the Mortgaged Property; or (b) there is a failure to comply with the provisions of, or there is a default under, any of the Permitted Title Exceptions unless cured within any applicable grace period provided for in the applicable Permitted Title Exception.

11. Lender's Rights. If Mortgagor shall neglect or refuse: (a) to maintain and keep in good repair the Mortgaged Property or any part thereof as required by this Mortgage or the Loan Agreement, or (b) to maintain and pay the premiums for insurance which may be required by this Mortgage or the Loan Agreement, or (c) to pay and discharge all taxes of whatsoever nature, assessments and charges of every nature and to whomever assessed, as required by this Mortgage or the Loan Agreement, or (d) to pay the sums required to be paid by this Mortgage or the Loan Agreement, or (e) to satisfy any other terms or conditions of this Mortgage, or any instrument secured hereby, Lender may, at its election in each instance, but without any obligation whatsoever to do so, upon thirty (30) days prior written notice (except in the case of (i) an emergency where there is danger to person or property, or (ii) required insurance coverage would lapse, or (iii) an Event of Default exists, in each of which events no notice shall be required), cause such repairs or replacements to be made, obtain such insurance or pay said taxes, assessments, charges, and sums, incur and pay reasonable amounts in protecting its rights hereunder and the security hereby granted, pay any balance due under any conditional agreement of sale (or lease) of any property included as a part of the Mortgaged Property, and pay any amounts as Lender deems reasonably necessary or appropriate to satisfy any term or condition of this Mortgage, which Mortgagor shall have failed to satisfy, or to remedy any breach of such term or condition, and any amounts or expenses so paid or incurred, together with interest thereon from the date of payment by Lender at the default rate of interest as provided in the Loan Agreement shall be immediately due and payable by Mortgagor to Lender and until paid shall be secured hereby equally and ratably, and the same may be collected as part of said principal debt in any suit hereon or upon the Loans. No payment by Lender shall relieve Mortgagor from any default hereunder or impair any right or remedy of Lender consequent thereon.

If Mortgagor fails to provide evidence of the insurance coverage specified in the Loan Agreement, Mortgagee may purchase insurance at Mortgagor's expense to protect Mortgagee's interests in the Mortgaged Property. This insurance may, but need not, protect Mortgagor's interests. The coverage that Mortgagee purchases may not pay any claim that Mortgagor makes or any claim that is made against Mortgagor in connection with the Mortgaged Property. Mortgagor may later cancel any insurance purchased by Mortgagee, but only after providing Mortgagee with evidence that Mortgagor has obtained the insurance as required by the Mortgage. If Mortgagee purchases insurance with respect to the Mortgaged Property, Mortgagor will be responsible for the costs of that insurance, including interest and any other charges Mortgagee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added

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to the existing balance of the Debt. The costs of the insurance may be more than the cost of the insurance Mortgagor is able to obtain on its own. In the event of a casualty loss, the net insurance proceeds from such insurance policies shall be paid and applied as specified in the Loan Agreement.

12. Tax Reserve and Insurance Reserve. Mortgagor shall, upon the request of Lender, from time to time, pay to Lender on dates upon which installments of interest are payable under the Loan Agreement, such amount as Lender from time to time estimates as necessary to create and maintain a reserve fund from which to pay before the same become due: (a) all taxes, assessments, liens and charges on or against the Mortgaged Property, and (b) all premiums for insurance policies which are required by this Mortgage. Such payments, if so requested, shall be invested in an interest bearing account which shall be held by Lender as Collateral, and so long as no Event of Default exists hereunder or under any of other Financing Agreements, shall be paid to or for Mortgagor's benefit as set forth below. Payments from such reserve fund for said purposes may be made by Lender at its discretion even though subsequent owners of the property described herein may benefit thereby. In the event of any Event of Default under the Loan Agreement or under the terms of this Mortgage, any part or all of such reserve fund may be applied, at the option of Lender, to cure any such Event of Default or to any part of the indebtedness hereby secured and, in refunding any part of said reserve fund, Lender may deal with whomever is the record owner of such property at that time. Prior to an Event of Default, the amount in such reserve fund, but not in excess of the applicable real estate taxes or insurance premiums then due, shall be paid to the taxing authority or the insurer upon written request of Mortgagor provided that such request is accompanied by the applicable current billing from the taxing authority or the insurer.

13. Certain Expenses. If any action or proceeding is commenced, including, without limitation, an action to foreclose this Mortgage or to collect the debt hereby secured, to which action or proceeding Lender is made a party by reason of the execution of this Mortgage, or by reason of any obligation which it secures, or by reason of entry or any other action under this Mortgage, or if in Lender's judgment it becomes necessary in connection with legal proceedings or otherwise to defend or uphold the mortgage hereby granted or the lien hereby created or any act taken to defend or uphold the mortgage hereby granted or the lien hereby created or any act taken under this Mortgage, all sums reasonably paid or incurred by Lender for the expense of any litigation or otherwise, in connection with any rights created by this Mortgage or any other Loan Document, shall be paid by Mortgagor, or may at the option of Lender, if not so paid, be added to the debt secured hereby and shall be secured hereby equally and ratably and shall bear interest until paid at the default rate of interest set forth in the Loan Agreement.

14. Regarding Leases. Except as otherwise provided in the Loan Agreement, Mortgagor shall not enter into any leases or occupancy agreements with respect to the Mortgaged Property and shall not modify or amend any such leases or occupancy agreements without Lender's prior written consent in each instance. As to each permitted lease or occupancy agreement, Mortgagor will perform every material obligation of the lessor and, to the extent commercially reasonable, will enforce every material obligation of the lessee in the leases in effect with respect to all or any part or all of the Mortgaged Property and, except as otherwise provided in the Loan Agreement, Mortgagor will not: (i) cancel any such lease, or terminate or

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accept a surrender thereof, or reduce the rent payable thereunder or modify or amend any such lease; (ii) accept any prepayment of rent thereunder (except any rent which may be required to be prepaid by the terms of any such lease); or (iii) enter into any new leases, without first obtaining on each occasion the prior written consent of Lender. If any portion of the Mortgaged Property is leased or rented for residential purposes, Mortgagor shall comply with all legal requirements pertaining to security deposits, last month's rent, and interest thereon, and Mortgagor shall defend, indemnify and save harmless Lender with respect to all claims relating thereto. As to all leases and occupancy agreements, Lender, at its option from time to time, may require that all security deposits and similar funds or security provided by a lessee or occupant be deposited with Lender, or with an escrow agent satisfactory to Lender, subject to the rights of the lessee or occupant, but otherwise subject to a security interest in favor of Lender.

15. Declaration of Subordination. At the option of Lender, which may be exercised at any time or from time to time, by written notice to Mortgagor and to any applicable tenant, this Mortgage shall become subject and subordinate, in whole or in part (but not with respect to priority of entitlement to insurance proceeds or condemnation proceeds), to any and all leases of all or any part of the Mortgaged Property upon the execution by Lender and recording or filing thereof, at any time hereafter in the appropriate registry of deeds wherein the Mortgaged Property is situated of a unilateral declaration to that effect.

16. Further Assignment by Mortgagor. Mortgagor hereby further assigns to Lender as security for the Obligations the lessor's interests in any or all leases, now or hereafter outstanding, and to the extent it may lawfully do so Mortgagor's interests in all agreements, contracts, licenses and permits, now or hereafter outstanding, to the extent such agreements, contracts, licenses and permits permit such assignment affecting all or any portion of the Mortgaged Property. Mortgagor shall execute, acknowledge and deliver such further or confirmatory assignments thereof, by instruments in form satisfactory to Lender, as Lender reasonably may require. Mortgagor hereby authorizes Lender in the event of foreclosure, to sell and assign said interests to the purchaser at foreclosure, but neither such assignment nor any such future assignment shall be construed as binding Lender to any lease, agreement, contract, license or permit so assigned, or to impose upon Lender any obligations with respect thereto. Mortgagor hereby irrevocably appoints Lender, or any agent designated by Lender, the true and lawful attorney-in-fact of Mortgagor, with full power of substitution, to execute, acknowledge and deliver any such assignment on behalf of Mortgagor which Mortgagor fails or refuses to do.

17. UCC Filing. Mortgagor, upon Lender's written request, shall promptly cause this Mortgage and any required financing statements to be recorded and re-recorded, registered and re-registered, filed and re-filed at such times and places as may be required by law or reasonably deemed advisable by Lender to create, preserve or protect the priority hereof and of any lien created hereby upon the Mortgaged Property or any part thereof; and Mortgagor shall from time to time do and cause to be done all such things as may be required by Lender, or required by law, including all things which may from time to time be necessary under the Uniform Commercial Code of the State fully to create, preserve and protect the priority hereof and of any lien created hereby upon said property. Mortgagor hereby irrevocably appoints Lender, or any agent designated by Lender, the true and lawful attorney-in-fact of Mortgagor, with full power of

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substitution, to execute, acknowledge and deliver any such things on behalf of Mortgagor which Mortgagor fails or refuses to do.

18. Right to Deal with Successor. Lender may, without notice to any person, deal with any successor in interest of Mortgagor herein regarding this Mortgage and the debt hereby secured in all respects as it might deal with Mortgagor herein, without in any way affecting the liability hereunder or upon the debt hereby secured of any predecessor in interest of the person so dealt with; and no sale of the premises hereby mortgaged, nor any forbearance on the part of Lender, nor any extension by Lender of the time for payment of the debt hereby secured, shall operate to release, discharge, modify, change or affect the original liability of any predecessor in interest of the equity owner at the time of such sale, forbearance or extension.

19. Acceleration of Debt. If there is an Event of Default under the Loan Agreement or if an event occurs which pursuant to the Loan Agreement entitles Lender to accelerate any of the Loans, then, at the option of Lender, the entire indebtedness hereby secured shall become immediately due and payable without further notice.

20. Additional Rights of Lender.

20.1 Enter and Perform. Mortgagor authorizes Lender, to the extent permitted by applicable law, in addition to all other rights granted by law or by this Mortgage, or by any of the other Financing Agreements, whenever and as long as any default hereunder or under the Loan Agreement shall exist and remain uncured beyond the applicable grace period, if any, and without notice beyond the notice, if any, required to be given by the terms of the Loan Agreement, or upon the occurrence of an Event of Default under the Loan Agreement, to enter and take possession of all or any part of the Mortgaged Property and to use, lease, operate, manage and control the same and conduct the business thereof, and perform lessor's obligations under any lease or the Seller's obligations under any Purchase and Sale Agreement or Mortgagor's obligations under any other agreement affecting all or any part of the Mortgaged Property, perform the obligations of Mortgagor under any contracts, and collect the rents, profits and all receipts of every nature therefrom as Lender shall deem best.

20.2 Repairs and Improvements. Upon every such entry, and to the extent permitted by applicable law, Lender may from time to time at the expense of Mortgagor make all such repairs, replacements, alterations, additions and improvements to the Mortgaged Property as Lender may deem proper, but in no event shall Lender be obligated to do so, and may, but shall not be obligated to, exercise all rights and powers of Mortgagor, either in the name of Mortgagor, or otherwise as Lender shall determine. Without limitation express or implied upon the generality of the foregoing, Lender shall have the right to do all things necessary or desirable in order to keep in full force and effect all applicable licenses, permits and authorizations and any amendments thereto.

20.3 Pay Costs and Expenses. Upon such entry and to the extent permitted by applicable law, Lender may, at its option, but without any obligation to do so, do any one or more of the following: pay and incur all expenses necessary or deemed by it appropriate for the holding and operating of the Mortgaged Property, the conduct of any business thereon, the

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maintenance, repair, replacement, alteration, addition and improvement of the Mortgaged Property, including without limitation payments of taxes, assessments, insurance, wages of employees connected with the Mortgaged Property or any business conducted thereon, charges and reasonable compensation for services of Lender, its attorneys and accountants and all other persons engaged or employed in connection with the Mortgaged Property or of any business conducted thereon and, in addition, Lender, at its option, may, but shall not be obligated to, make payments or incur liability with respect to obligations arising prior to the date it takes possession.

20.4 Add to Secured Indebtedness. All obligations so paid or incurred by Lender shall (to the extent permitted by applicable law) be reimbursed or paid for by Mortgagor upon demand and prior to the repayment thereof shall be added to the debt secured hereby and shall bear interest at the default rate of interest provided for in the Loan Agreement, and shall be secured hereby equally and ratably. Lender also may reimburse itself therefor from the income or receipts of the Mortgaged Property or any business conducted thereon, or from the sale of all or any portion of the Mortgaged Property. Lender also may (to the extent permitted by applicable law) apply toward any of the Obligations any tax or insurance reserve account, deposit or any sum credited or due from Lender to Mortgagor without first enforcing any other rights of Lender against Mortgagor or against any endorser or guarantor of any of the Obligations or against the Mortgaged Property.

20.5 Attorney-In-Fact. Mortgagor hereby irrevocably constitutes and appoints Lender, or any agent designated by Lender, for so long as this Mortgage remains undischarged of record, as attorney-in-fact of Mortgagor to execute, acknowledge, seal and deliver all instruments, agreements, deeds, certificates and other documents of every nature and description in order to carry out or implement the exercise of Lender's rights hereunder and under the other Financing Agreements.

21. Contest of Laws. Provided any such action does not result in a default in Mortgagor's obligations under the Ground Lease, Mortgagor shall have the right to contest by appropriate legal proceedings, but without cost or expense to Lender, the validity of any laws, ordinances, orders, rules and regulations affecting the Mortgaged Property subject to the provisions of the Loan Agreement dealing with the right to contest, but only if compliance may be so contested without: (a) the imposition of any charge, lien or liability against the Mortgaged Property, (b) the loss or suspension of any license, right or permit with respect to the Mortgaged Property, and (c) causing any default to exist under the Loan Agreement or any other Financing Agreement. Subject to the foregoing, Mortgagor may postpone compliance therewith until the final determination of any such proceedings, provided it shall be prosecuted with due diligence and dispatch, and if any lien or charge is incurred, Mortgagor may, nevertheless, make the contest and delay compliance, provided Lender is furnished with security satisfactory to Lender in its sole and absolute discretion against any loss or injury by reason of such noncompliance or delay and provided further that the same is and may be done without causing any default to exist under the Loan Agreement or any of the other Financing Agreements.

22. Notices. Any demand, notice or request by either party to the other shall be sufficient if given in the manner provided therefor in the Loan Agreement.

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23. Lender Not Obligated; Cumulative Rights. Nothing in this instrument shall be construed as obligating Lender to take any action or incur any liability with respect to the Mortgaged Property or any business conducted thereon, and all options given to Lender are for its benefit and shall and may be exercised in such order and in such combination as Lender in its sole discretion may from time to time decide.

24. Severability. In case any one or more of the provisions of this Mortgage, the Assignment of Leases and Rents, the Loan Agreement, any of the other Financing Agreements, or any other agreement now or hereafter executed in connection with any one or more of the foregoing are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof. Each of the provisions of every such agreement, document or instrument shall be enforceable by Lender to the fullest extent now or hereafter not prohibited by applicable law.

25. No Waiver. No consent or waiver, express or implied, by Lender to or of any default by Mortgagor shall be construed as a consent or waiver to or of any other default at the same time or upon any future occasion.

26. Foreclosure; Remedies of Lender; Power of Sale. This Mortgage is granted upon the express condition that all covenants and agreements of, and conditions imposed upon, Mortgagor contained herein and in the Loan Agreement, and the other instruments and agreements evidencing or securing the Obligations secured hereby shall be kept and fully performed, for any breach of which (remaining uncured beyond the grace period, if any, provided herein or therein, or in the Loan Agreement), Lender may proceed to protect and enforce its rights hereunder and under the Loan Agreement and the other Financing Agreements by foreclosure proceedings, or by other suit in equity action at law, or other appropriate proceedings, including actions for the specific performance of any covenant or agreement contained in this Mortgage or in the Loan Agreement, or in the other Financing Agreements, or in aid of the exercise of any power granted in this Mortgage, the Loan Agreement, or in said Financing Agreements, or may proceed in any manner to enforce the payment of the Loan Agreement, and any other legal or equitable right of Lender. To the extent permitted under State law and subject to the terms of the Ground Lease, Lender shall have the power to sell the Property at a non-judicial foreclosure sale.

In addition, this Mortgage is granted upon the further condition that upon default (remaining uncured as aforesaid) Lender shall have as to the Personal Property all the rights and remedies of a Secured Party under the Uniform Commercial Code including, but not limited to, the option to proceed as to both the Real Estate and Personal Property under the law relating to foreclosure of real estate mortgages, and such further remedies as from time to time may hereafter be provided for a secured party, and upon the further condition that all rights of Lender under this Mortgage and the other Financing Agreements as to the Personal Property and the Real Estate may be exercised together or separately and, at Lender's discretion, in connection with the exercise by Lender of its rights under any one or more of the Financing Agreements. In exercising its power of sale under this instrument, Lender may sell the Personal Property, or any part thereof, either separately from or together with the Real Estate and the balance of the Mortgaged Property, or any part thereof, either as one parcel or unit or in such separate parcels or units, all

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as Lender may in its discretion elect; and may so sell the Mortgaged Property, or the Real Estate, as one parcel or unit or in such separate parcels or units, all as Lender may in its discretion elect; and may so sell the Mortgaged Property or any part thereof either separately from or together with the whole or any part of other collateral which may constitute security for any obligation secured by the Mortgaged Property, also as Lender may in its discretion elect. In the event of any separate sale of Personal Property, Lender will give to Mortgagor reasonable notice of the time and place of any public sale or of the time after which any private sale or other intended disposition thereof is to be made, and such requirement of reasonable notice shall be met if such notice is mailed postage prepaid to the address of Mortgagor as provided in this Mortgage at least five (5) days before the time of the sale or other disposition. In the event Lender, in the exercise of the power of sale under this instrument, elects to sell in parts or parcels, said sales may be held from time to time, and need not occur on the same day, and said power of said shall not be fully executed or exhausted until all of the Mortgaged Property or other security not previously sold shall have been sold.

27. Waivers By Mortgagor. Mortgagor, to the fullest extent that Mortgagor may do so, hereby: (a) agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay or extension, or any right of redemption, and waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the debt secured hereby; and (b) waives all rights to a marshalling of the assets of Mortgagor, including the Mortgaged Property, or to a sale in inverse order of alienation in the event of a sale hereunder of the Mortgaged Property, and agrees not to assert any right under any statute or rule of law pertaining to the marshalling of assets, sale in inverse order of alienation, or other matters whatever to defeat, reduce or affect the right of Lender under the terms of this Mortgage to a sale of the Mortgaged Property for the collection of the indebtedness secured hereby without any prior or different resort for collection, or the right of Lender to the payment of such indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other claimant whatever.

28. Business Loans; Not Personal Residence. Mortgagor covenants, warrants and represents that all of the proceeds of the Loans secured hereby shall be used for business or commercial purposes, none of the proceeds of the Loans secured hereby shall be used for personal, family or household purposes, and that no individual liable for the Loans resides or intends to reside in any portion of the Mortgaged Property.

29. Interpretation. In the event of a conflict between the provisions of this Mortgage and the provisions of the other Financing Agreements the provisions of this Mortgage shall govern.

30. Headings. Headings and captions in this Mortgage are for convenience and reference only and the words and phrases contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of any of the provisions hereof.

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31. Time of Essence. Time shall be of the essence of each and every provision of the Loan Agreement, this Mortgage and each of the other Financing Agreements.

32. Events of Default. Unless cured within the applicable grace period, if any, set forth below in this Section 32, each of the following events shall constitute an "Event of Default" hereunder:

(i) Generally. A default by Mortgagor in the performance of any term, provision or condition of this Mortgage to be performed by Mortgagor or under the Assignment of Leases and Rents, or a breach or other failure to satisfy any other term, provision, condition, covenant or warranty under this Mortgage and such default, breach or failure remains uncured beyond any applicable grace period, if any, provided for in this Mortgage:

(ii) Other Financing Agreements. A default by Borrower in the performance of any term or provision of the Loan Agreement or any of the other Financing Agreements regardless of whether or not the then undisbursed portion of the Loans, if any, or the value of the Collateral, is sufficient to cover any payment of money required thereby and such default remains uncured beyond any applicable grace period set forth therein.

33. Insurance Matters and Eminent Domain Awards. Mortgagor shall maintain at all times in full force and effect insurance meeting the requirements set forth in Section 9.5 of the Loan Agreement. Mortgagor shall promptly notify Lender of any loss or damage from casualty at the Mortgaged Property, if the cost to repair, restore or replace such casualty shall exceed Ten Thousand Dollars (\$10,000). All losses in excess of Ten Thousand Dollars (\$10,000) shall be adjusted by Mortgagor, at Mortgagor's sole cost, but subject to Lender's approval, which approval shall not be unreasonably withheld or delayed. Proceeds of insurance and eminent domain awards shall be paid to Lender and, if such proceeds together with such additional funds as may be deposited with Lender (and any other funds acceptable to Lender, in Lender's sole discretion) are sufficient in Lender's reasonable judgment to pay for the repair, restoration or replacement of the damage or taking, as the case may be, and such repair, restoration or replacement will be completed prior to the maturity of the Loans, and if there is no default under any of the Financing Agreements, Lender will release such proceeds to pay for the actual cost of repair, replacement or restoration on such conditions as Lender may reasonably impose and Mortgagor shall promptly repair, restore or replace the Mortgaged Property. Prior to release, such funds shall be held in a cash collateral interest bearing account. The conditions which Lender may reasonably impose upon the release of such funds for repair or restoration shall include without limitation:

A. Prior written approval by Lender, which approval shall not be unreasonably withheld, of plans, specifications, cost estimates, contracts and bonds for the restoration or repair of the loss or damage;

B. Waivers of liens, architect's certificates, contractor's sworn statements and other evidence of costs and payments and completion as Lender may in good faith require;

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C. If the cost to repair, restore or replace does not exceed Twenty Five Thousand Dollars (\$25,000), the funds to pay therefor shall be released to Mortgagor. Otherwise, funds shall be released upon final completion of the repair, restoration or replacement unless Mortgagor requests earlier funding, in which event, partial monthly disbursements equal to ninety percent (90%) of the value of the work completed shall be made prior to final completion of the repair, restoration or replacement and the balance of the cost upon final completion;

D. Determination in good faith by Lender that the undisbursed balance of such proceeds on deposit with Lender, together with additional funds deposited for the purpose, or acceptable, clean irrevocable letters of credit available by site drafts to Lender, shall be at least sufficient to pay for the remaining cost of completion of the repair, restoration or replacement free and clear of all liens and claims of lien; and

E. That all work shall be done in a good and workmanlike manner and in accordance with all applicable legal requirements.

34. No Merger. The lien of this Mortgage and the lien of any other mortgage now or hereafter existing on the Mortgaged Property shall not merge, but shall always remain separate and distinct mortgage liens, notwithstanding the fact that such mortgage liens may be held by the same party.

35. Ground Lease. Mortgagor hereby assigns to Mortgagee all of the rights, provisions and prerogatives of Mortgagor under the Ground Lease to terminate, cancel, modify, extend, change, supplement, alter or amend the Ground Lease, and such termination, cancellation, modification, extension, change, supplement, alteration or amendment of the Ground Lease without the prior written consent thereto by Mortgagee (which may be granted or withheld in Mortgagee's sole discretion) shall be void ab initio and of no force and effect, provided, however, that unless and until there occurs an Event of Default, Mortgagee shall have no right to terminate, cancel, modify, extend, change, supplement, alter or amend the Ground Lease without Mortgagor's prior written consent.

Mortgagor hereby agrees to give Mortgagee prompt written notice of (including, but not limited to, copies of all written pleadings), of any action, proceeding, motion or notice commenced or filed in respect of the Ground Lease or the Mortgaged Property by Ground Landlord or Mortgagee whether in conjunction with a case under the Bankruptcy Code involving Mortgagor or Ground Landlord or an action initiated in a state or federal court. Without limitation of the generality of the foregoing, Mortgagor shall promptly after obtaining knowledge thereof, notify Mortgagee in writing of any filing by or against Ground Landlord or Mortgagor of a petition under the Bankruptcy Code, setting forth any information available to Mortgagor as to the date of such filing relevant to such petition, the court in which such petition was filed and the chapter of the Bankruptcy Code under which relief has been sought. Mortgagee shall have the option, to the exclusion of Mortgagor, exercisable upon notice from Mortgagee to Mortgagor, to conduct and control any litigation arising in such bankruptcy proceeding or other court affecting the Ground Lease or Mortgagee's rights of possession and quiet enjoyment thereunder, with counsel of Mortgagee's choice. Mortgagee may proceed in its own name or in the name of Mortgagor in connection with any such litigation and Mortgagor agrees to execute any and all

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powers, authorizations, consents and other documents required by Mortgagee in connection therewith. Mortgagor shall, upon demand, pay the Mortgagee all costs and expenses (including, but without limitation, attorneys' fees and costs) paid or incurred by Mortgagee in connection with the prosecution or conduct of any such proceedings. Any such cost or expenses not paid by Mortgagor as aforesaid shall be secured by the lien of this Mortgage and shall be added to the principal amount of the indebtedness secured hereby. Mortgagor shall not commence any action, suit, proceeding or case or file any application to make a motion with respect to the Ground Lease without prior notice to and the prior written consent of the Mortgagee.

No release of any of the obligations of Mortgagor under the Ground Lease or otherwise shall release Mortgagor from any of its obligations under this Mortgage, including, without limitation, its obligations with respect to the payment of rent, taxes and/or common area maintenance fees as provided for in the Ground Lease and the performance of all of the terms, provisions, covenants, conditions and agreements contained in the Ground Lease to be kept, performed and complied with as provided therein.

Except for Permitted Transfers under the Loan Agreement, Mortgagor shall not assign, sell, convey, transfer or otherwise encumber or dispose of its interest in the Ground Lease nor sublease any portion of the Mortgaged Property without first securing Mortgagee's consent in writing, which Mortgagee may grant or withhold in its sole discretion.

Mortgagor hereby assigns to Mortgagee, and the lien of this Mortgage shall also attach to, all rights and remedies held by or granted to Mortgagor as tenant under the Ground Lease under the United States Bankruptcy Code or other applicable law including, but not limited to, all rights and remedies at any time arising under or pursuant to Section 365(h) of the Bankruptcy Code, 11 U.S.C. §101 et seq. (the "Bankruptcy Code"). Without limitation of the generality of the foregoing sentence, Mortgagor hereby assigns to Mortgagee, and agrees that Mortgagee shall have exclusive rights to exercise, all of Mortgagor's rights to elect to terminate the Ground Lease or retain the Mortgagee's rights as tenant under the Ground Lease and remain in possession of the Mortgaged Property thereunder in the event that the Ground Landlord rejects the Ground Lease in a bankruptcy proceeding involving Ground Landlord.

In the event Ground Landlord attempts to reject the Ground Lease, Mortgagor shall provide prompt written notice thereof to Mortgagee and Mortgagee, in its discretion, may proceed in its own name or the Mortgagee's name in respect to such rejection motion including, but not limited to, filing pleadings in Mortgagor's name in the bankruptcy court. Mortgagor shall not, without prior written notice to Mortgagee and Mortgagee's prior written consent, elect under Section 365(h)(1) either to treat the Ground Lease as terminated or to retain its rights thereunder. Mortgagor shall give Mortgagee prompt written notice as to any hearings, filing deadlines or other proceedings in respect to claims arising from rejection. Any such election made without Mortgagee's prior written consent shall be void ab initio.

Mortgagor hereby unconditionally assigns, transfers and sets over to Mortgagee all of Mortgagor's claims and rights to the payment of damages arising from any rejection by Ground Landlord of the Ground Lease under the Bankruptcy Code. Mortgagor shall give Mortgagee prompt written notice of any bar dates set in Ground Landlord's bankruptcy proceedings with respect to the filing of claims arising from rejection or of any other pleadings or proceedings

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affecting the Ground Lease. Mortgagee shall have the right to proceed in its own name or in the name of Mortgagor in respect of any claim, suit, action or proceeding relating to the rejection of the Ground Lease, including, without limitation, the right to file and prosecute, to the exclusion of Mortgagor, any proofs of claim, complaints, motions, applications, notices and other documents relating to the landlord of the Ground Lease under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until all of the Obligations shall have been satisfied and discharged in full. Any amounts received as damages arising out of the rejection of the Ground Lease shall be applied first to all costs and expenses of Mortgagee (including, without limitation, attorneys' fees and costs) incurred in connection with the exercise of any of its rights or remedies under this paragraph, and then as otherwise provided in the Loan Documents.

If pursuant to Section 365(h)(1)(A)(ii) of the Bankruptcy Code, Mortgagor seeks to offset against the rent reserved in the Ground Lease the amount of any damages caused by the non-performance by the landlord of any of the landlord's obligations under the Ground Lease after the rejection by the landlord of such lease under the Bankruptcy Code, Mortgagor shall, prior to effecting such offset, notify Mortgagee of its intent to do so, setting forth the amounts proposed to be so offset and the basis therefor. Mortgagee shall have the right to object to all or any part of such offset, and, in the event of such objection, Mortgagor shall not effect any offset of the amounts so objected to by Mortgagee or shall effectuate an offset in such amount as Mortgagee deems appropriate. Neither Mortgagee's failure to object as aforesaid or any objection or any other communication between Mortgagee and Mortgagor relating to such offset shall constitute an approval of any such offset by Mortgagee. Mortgagor shall indemnify and save Mortgagee harmless from and against any and all claims, demands, actions, suits, proceedings, damages, losses, costs or expenses of any nature whatsoever (including, without limitation, attorneys' fees) arising from or relating to any offset by Mortgagor against the rent reserved in the Lease.

Mortgagor shall promptly after obtaining knowledge thereof notify Mortgagee in writing of any filing by or against the landlord of the Ground Lease of a petition under the Bankruptcy Code, setting forth any information available to Mortgagor as to the date of such filing, the court in which such petition was filed, and the relief sought. Mortgagor shall promptly deliver to Mortgagee following receipt any and all notices, summonses, pleadings, applications and other documents received by Mortgagor in connection with any such petition and any proceedings relating thereto.

Effective upon the entry of an order for relief in respect of Mortgagor under the Bankruptcy Code, Mortgagor hereby assigns and transfers to Mortgagee a non-exclusive right to apply to the Bankruptcy Court under Section 365(d)(4) of the Bankruptcy Code for an order extending the period during which the Ground Lease may be rejected or assumed or to enter into any stipulation or other agreement or arrangement regarding the status of the Ground Lease.

If there shall be filed by or against Mortgagor a petition under the Bankruptcy Code, and Mortgagor, as tenant under the Ground Lease, shall determine to reject the Ground Lease pursuant to Section 365(a) of the Bankruptcy Code, Mortgagor shall give Mortgagee not less than ten (10) days prior written notice of the date on which Mortgagor shall apply to the Bankruptcy Court for authority to reject the Ground Lease. Mortgagee shall have the right, but

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not the obligation, to serve upon Mortgagor within such ten day period a notice stating that (x) Mortgagee demands that Mortgagor assume and assign the Ground Lease to Mortgagee pursuant to Section 365 of the Bankruptcy Code in consideration of the payment of (or forgiveness of any indebtedness secured by this Mortgagee in the amount of) \$1,000 by Mortgagee, and (y) Mortgagee covenants to cure or provide adequate assurance of prompt cure of all defaults and provide adequate assurance of future performance under the Ground Lease. If Mortgagee serves upon Mortgagor the notice described in the preceding sentence, Mortgagor shall not seek to reject the Ground Lease and shall comply with the demand provided for in clause (x) above within thirty (30) days after the notice shall have been given, subject to the performance by Mortgagee of the covenant provided for in clause (y) above.

36. No Merger of Lease. To the extent permitted by applicable law, if both the lessor's and lessee's estate under any lease or any portion thereof which constitutes a part of the Mortgaged Property shall at any time become vested in one owner, this Mortgage and the lien secured hereby shall not be destroyed or terminated by application of the doctrine of merger, and, in such event, Mortgagee shall continue to have and enjoy all of the rights and privileges of Mortgagee as to the separate estates. In addition, to the extent permitted by applicable law, upon the foreclosure of the lien created by this Mortgage pursuant to the provisions hereof, any leases or subleases then existing or affecting all or any portion of the Mortgaged Property shall not be destroyed or terminated by application of the law of merger or as a matter of law as a result of such foreclosure unless Mortgagee or any purchaser at such foreclosure sale shall so elect. To the extent permitted by applicable law, no act by or on behalf of Mortgagee or any such purchaser shall constitute a termination of any lease or sublease unless Mortgagee or such purchaser shall give written notice thereof to such tenant or subtenant.

37. Purchase of Fee Interest in Real Estate. If Mortgagor becomes the Owner of the fee interest in any portion of the Real Estate, the Mortgaged Property, without the need of execution of any further document or the taking of any further action, shall include all of Mortgagor's fee simple interest in the Real Estate. Notwithstanding the foregoing, upon Mortgagee's request, Mortgagor shall enter into an amendment of this Mortgage, on terms acceptable to Mortgagee, which confirms Mortgagee's first security interest in such fee interest, subject only to the Permitted Title Exceptions, and shall deliver to Mortgagee an endorsement to the title insurance policy issued to Mortgagee in connection with this Mortgage, which endorsement reflects such amendment and is otherwise acceptable to Mortgagee, in Mortgagee's sole discretion.

38. Governing Law. This Mortgage shall be governed by and controlled in accordance with the laws of the State of Illinois.

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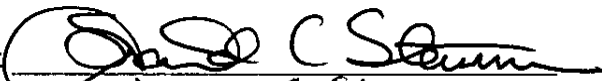
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SIGNATURE PAGE TO COLLATERAL ASSIGNMENT OF LEASES AND RENTS (IL)

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed and delivered at New York City, New York as a sealed instrument as of the 19 day of February, 2002.

FARLEY'S & SATHERS CANDY COMPANY, INC.
(the "Mortgagor"):

By: 
Name: Donald C. Stenners
Title: Secretary

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ILLINOIS:

STATE OF NEW YORK

COUNTY OF NEW YORK

February 11, 2002

Then personally appeared the above-named Donald C. Stanners,
Secretary of FARLEY'S & SATHERS CANDY COMPANY, INC., and
acknowledged the foregoing instrument to be the free act and deed of said corporation, for the
purposes therein stated before me,


_____, Notary Public

My commission expires:

MYRNA LAMOLLI
Notary Public, State Of New York
No. 31-4825109
Qualified In New York County
Cert. Filed In New York County
Commission Expires Jan. 31, 2003

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10/10/2010

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10/10/2010

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EXHIBIT "A" ANNEXED TO AND MADE A PART OF THE
MORTGAGE AND
SECURITY AGREEMENT
GIVEN BY FARLEY'S & SATHERS CANDY COMPANY, INC.

LEGAL DESCRIPTION

Title to the Leasehold Estate described as follows:

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That part of the West ½ of the Southwest ¼ of Section 28, Township 41 North, Range 12 East of the Third Principal Meridian, described as follows: Commencing at the Northeast corner of said West ½; thence South 1196.048 feet along the East line of said West ½; thence West along a line parallel with the North line of said West ½, 723.98 feet to the point of beginning of the following tract of land; thence continuing West along said parallel line 450.0 feet; thence North perpendicularly to said parallel line to a point on a line 756.066 feet South of (as measured along the East line of said West ½) and parallel with the North line of said West ½; thence East along the last described parallel line 450.0 feet; thence South to the herein described point of beginning, all in Cook County, Illinois.

Permanent Index Number: 09-28-300-021-0000

Property Address: 1665 East Birchwood Avenue, Des Plaines, Illinois, 60018

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EXHIBIT "B" ANNEXED TO AND MADE A PART OF THE
MORTGAGE AND SECURITY AGREEMENT
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PERMITTED TITLE EXCEPTIONS

Matters set forth on Schedule B of the title insurance policy issued to Lender by Commonwealth Land America in connection with the Mortgaged Property.

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Exhibit C

Leases

Fashion Bug Plus #8056, Inc.

Buffalo Wild Wings

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