

UNOFFICIAL COPY

0030071439

1541/0047 90 001 Page 1 of 28

2003-01-15 11:15:34

Cook County Recorder 78.50



0030071439

This instrument prepared by
and when recorded return to:

Michael L. Gaynor
Assistant Corporation Counsel
City of Chicago
Department of Law
121 North LaSalle Street
Room 600
Chicago, Illinois 60602

S:\Finance\SRO Fire Safety\Rubenstein\Winthrop Mortgage 2.wpd

MORTGAGE

**ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT AND FINANCING STATEMENT**

THIS MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FINANCING STATEMENT (this "Mortgage") is made as of January 1, 2003 by LaSalle National Trust, N.A. as successor trustee to LaSalle National Bank, a national banking association (the "Trustee"), not personally but solely as trustee under that certain Trust Agreement dated November 26, 1986 and known as Trust No. 111781 (the "Trust"); and Eric Rubenstein, an individual and sole beneficiary of the Trust (the "Beneficiary") (the Beneficiary and the Trustee are hereinafter collectively referred to as the "Mortgagor"); to the City of Chicago, together with its successors and assigns, having its principal office at 121 North LaSalle Street, Chicago, Illinois 60602 (the "Mortgagee").

All capitalized terms, unless defined herein, shall have the same meanings as set forth in that certain Grant Agreement dated of even date herewith between the Mortgagor and the Mortgagee (the "Grant Agreement" as amended, supplemented or restated from time to time) under the SRO Fire Safety Financing Program and.

WITNESSETH:

WHEREAS, the Mortgagee is providing funds to the Mortgagor under the Grant Agreement in the amount described on Exhibit A to this Mortgage, plus interest, if any, thereon at the rate specified on Exhibit A, and under the repayment terms described on Exhibit A; and

UNOFFICIAL COPY

30071439

WHEREAS, the Grant is repayable to the City under certain circumstances as described on Exhibit A; and

WHEREAS, the Mortgagee desires to secure repayment of any portion of the Grant which may become payable and due, together with interest, if any, in accordance with the terms of the Grant Documents and any additional amount due or obligations incurred by the Mortgagor on account of any future payments, advances or expenditures made by the Mortgagee pursuant to the Grant Documents;

NOW, THEREFORE, in order to secure repayment of the unforgiven balance of the Grant and interest, if any, under the Grant Agreement, and of all other payments due to the Mortgagee by the Mortgagor under any of the Grant Documents and performance of the covenants and agreements contained in this Mortgage, including any substitutions, extensions or modifications hereto, the Mortgagor does grant, assign, convey and mortgage to the Mortgagee, its successors and assigns, and grants to the Mortgagee, its successors and assigns forever a continuing security interest in and to, all of the following rights, interests, claims and property:

(A) all of the real estate, as more particularly described on Exhibit B to this Mortgage, together with all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto (the "Real Property");

(B) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Real Property, together with any fixtures or attachments now or hereafter owned by the Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with or incorporated in the Real Property, including all extensions, additions, betterments, renewals, substitutions and replacements of any of the foregoing (the "Improvements");

(C) any interests, estates or other claims of every name, kind or nature, both at law and in equity, which the Mortgagor now has or may acquire in the Real Property, the Improvements, the Equipment (as hereinafter defined) or any of the property described in clauses (D), (E), (F), (G), (H), (I), (J), (K) or (L) hereof;

(D) all of the Mortgagor's interest and rights as lessor in and to all leases, subleases and agreements, written or oral, hereafter entered into with the consent of the Mortgagee, affecting the Real Property, the Improvements, the Equipment or any part thereof, as said leases may have been and may from time to time be hereafter modified, extended and renewed (the "Leases") (provided that the assignment hereby made shall not diminish or impair the obligations of the Mortgagor under the provisions of such Leases nor shall such obligations be imposed on the Mortgagee) and all income, rents, issues, proceeds and profits accruing therefrom;

(E) all rents, issues, profits, royalties, avails, income and other benefits derived or owned by the Mortgagor directly or indirectly from the Real Property or the Improvements (all of the foregoing is herein collectively called the "Rents");

(F) all right, title and interest of the Mortgagor in and to all fixtures, personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the

30071439

Real Property or the Improvements, together with all furniture, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Real Property or the Improvements, or used or useful in connection with any present or future operation of the Real Property or the Improvements, including, but not limited to, all apparatus and equipment used to supply heat, gas, air conditioning, water, light, power, refrigeration, electricity, plumbing and ventilation, including all renewals, additions and accessories to and replacements of and substitutions for each and all of the foregoing, and all proceeds therefrom (the "Equipment");

(G) all of the estate, interest, right, title or other claim or demand which the Mortgagor now has or may acquire with respect to (i) proceeds of insurance in effect with respect to the Real Property, the Improvements or the Equipment, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Real Property, the Improvements or the Equipment;

(H) all intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of the Mortgagor, including, but not limited to cash, accounts receivable, bank accounts, certificates of deposit, rights (if any) to amounts held in escrow, deposits, judgments, liens and causes of action, warranties and guarantees, relating to the Real Property, the Equipment or the Improvements or as otherwise required under the Grant Documents;

(I) all other property rights of the Mortgagor of any kind or character related to all or any portion of the Real Property, the Improvements or the Equipment;

(J) all Plans and Specifications for the rehabilitation of the Project in existence from time to time, together with all revisions and modifications thereof and all drawings and notes related thereto;

(K) all rights of the Mortgagor, if any, under any contracts executed by the Mortgagor with any provider of goods or services for or in connection with any construction undertaken on, or services performed or to be performed in connection with, the Real Property or the Improvements (the "Documents");

(L) any and all permits, approvals, licenses, authorizations, warranties, reports, contracts, subcontracts and agreements now or hereafter entered into relating to the rehabilitation or operation of the Project, including any and all addenda, supplements, amendments and modifications thereto, whether now or hereafter existing; and

(M) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses. All of the property referred to in the preceding clauses (A) through (M) shall be called, collectively, the "Premises."

IT IS FURTHER agreed, intended and declared that all the aforesaid property rights and interests shall, so far as permitted by law, be deemed to form a part and parcel of the Premises and be covered by this Mortgage.

TO HAVE AND TO HOLD the Premises unto the Mortgagee and its successors and assigns, forever, for the purposes and uses herein set forth.

UNOFFICIAL COPY

30071439

To protect the security of this Mortgage, the Mortgagor further covenants and agrees as follows:

(1) Unforgiven Balance and Interest. The Mortgagor shall pay promptly when due the unforgiven balance and interest, if any, due on the Grant under the terms and conditions of the Grant Agreement and any other sums required to be paid under any other Grant Documents at the times and in the manner provided therein and shall pay any amount repayable secured hereby as the same becomes due and shall perform and observe all of the covenants, agreements and provisions contained herein and in the other Grant Documents.

(2) Preservation, Restoration and Use of Premises. The Mortgagor shall:

(a) maintain and use the Premises as an SRO Building as long as any repayment obligations arising from the Grant remain outstanding. The Mortgagor expressly understands and agrees that use of the Premises other than as an SRO Building is a Prohibited Transfer as defined in Section 8 of this Mortgage;

(b) promptly repair, restore, replace or rebuild any portion of the Premises which may become damaged, destroyed, altered, removed, severed or demolished, whether or not insurance proceeds are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interest in, encumbrances on or reservation of title thereto except Permitted Encumbrances (including but not limited to those listed on Exhibit C to this Mortgage);

(c) complete, within a reasonable time, any construction of improvements now or hereafter constructed upon the Premises;

(d) comply with all statutes, rules, regulations, orders, decrees and other requirements of any federal, state or local governmental body having jurisdiction over the Premises and the use thereof and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of the Premises;

(e) upon completion of the Project, suffer or permit no change in the general nature of the occupancy or use of the Premises without the Mortgagee's prior written consent;

(f) pay all operating costs of the Premises when due, including all utility charges and all other assessments or charges of a similar nature;

(g) not initiate or acquiesce in any zoning reclassification with respect to the Premises (i) without providing prior written notice to the Mortgagee or (ii) with respect to any zoning reclassification which relates in any way to the designation of the Premises as an SRO Building, without the Mortgagee's prior written consent;

(h) not abandon the Premises, nor do anything whatsoever to depreciate or impair the value of the Premises or the security of this Mortgage;

(i) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Premises;

30071439

UNOFFICIAL COPY

30071439

(j) keep and maintain the Premises in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except Permitted Encumbrances;

(k) not permit any unlawful use or nuisance to exist upon the Premises; and

(l) comply with all instruments and documents of record or otherwise affecting the use or occupancy of all or any portion of the Premises.

(3) Taxes and Charges. The Mortgagor agrees to pay or cause to be paid, prior to delinquency, all Charges (as hereinafter defined) which are assessed or imposed upon the Premises or upon any of the Grant Documents, or become due and payable, and which create, may create or appear to create a lien upon the Premises or any part thereof or upon any of the Grant Documents; provided, however, that if by law any such Charge is payable or, at the option of the Mortgagor, may be paid in installments, the Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Charge in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. ("Charge" shall mean and include all federal, state, county, city, municipal or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances related to the Premises, the Mortgagor or any of the Grant Documents.)

30071439

The Mortgagor shall furnish the Mortgagee within 30 days after the date upon which any Charge is due and payable by the Mortgagor, official receipts of the appropriate authority, or other proof satisfactory to the Mortgagee, evidencing the payment thereof. The Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay collection of the contested Charge and prevent the imposition of a lien or the sale or forfeiture of the Premises to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Mortgagor's covenant to pay any such Charge at the time and in the manner provided in this Mortgage unless the Mortgagor has given prior written notice to the Mortgagee of the Mortgagor's intent to contest or object to a Charge and, unless at the Mortgagee's sole option, (i) the Mortgagor shall demonstrate to the Mortgagee's satisfaction that legal proceedings instituted by the Mortgagor contesting or objecting to such Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of the Premises or any part thereof as satisfaction of such Charge prior to final determination of such proceedings, and (ii) the Mortgagor shall furnish to the Mortgagee or Senior Lender, if any, (and if to Senior Lender, notice thereof to the Mortgagee) a good and sufficient bond or surety, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Premises during the pendency of such contest, in an amount (x) not less than 125% of such Charge and (y) adequate fully to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

(4) Insurance. The Mortgagor shall procure and maintain, or cause to be maintained, at all times, at the Mortgagor's own expense, until final repayment of the unforgiven balance and interest due if any, secured hereby, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations contemplated in connection with the Project, whether performed by the Mortgagor, the Contractor, any subcontractor or others.

The kinds and amounts of insurance required are as follows:

UNOFFICIAL COPY

(a) Workers Compensation and Occupational Disease Insurance. Workers compensation and occupational disease insurance, in accordance with the laws of the State of Illinois, or any other applicable jurisdiction, covering all employees who are to provide a service in connection with the Project and employer's liability coverage with limits of not less than \$100,000 per each accident or illness.

(b) Commercial Liability Insurance (Primary and Umbrella). Commercial liability insurance or equivalent with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury, personal injury and/or property damage liability. Coverage extensions shall include the following: all premises and operations, products/completed operation, independent contractors, cross liability and contractual liability coverages (with no limitation endorsement). The Mortgagee, its employees, elected officials, agents and representatives shall be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the Project.

(c) Automobile Liability Insurance (Primary and Umbrella). When any motor vehicles (owned, non-owned and hired) are used in connection with the Project, the Mortgagor shall provide comprehensive automobile liability insurance with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury and property damage. The Mortgagee shall be named as an additional insured on a primary, non-contributory basis.

(d) All Risk Property Damage. The Mortgagor shall obtain an all risk property policy in the amount of full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list the Mortgagee as loss payee as their interest may appear.

(e) All Risk Builders Risk Insurance. When the Mortgagor, the Contractor or any subcontractor undertakes any construction, including improvements, betterments and/or repairs, to the Premises, all risk builder's risk insurance shall be procured and maintained to cover materials, supplies, equipment, machinery and fixtures that are or will be part of the Premises. The Mortgagee shall be named as loss payee as their interest may appear.

The Mortgagor shall furnish the City of Chicago, Department of Housing, 318 South Michigan Avenue, Chicago, Illinois 60604, original certificates of insurance evidencing the required coverages to be in force on the date hereof, and renewal certificates of insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the Grant Term.

The receipt of any certificate does not constitute agreement by the Mortgagee that the insurance requirements of this Section have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements. The failure of the Mortgagee to obtain certificates or other insurance evidence from the Mortgagor shall not be deemed to be a waiver by the Mortgagee. The Mortgagor shall advise all insurers of the provisions of this Section regarding insurance. Non-conforming insurance shall not relieve the Mortgagor of its obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions of this Section may constitute an Event of Default, and the Mortgagee retains the right to suspend disbursement of Grant proceeds until proper evidence of insurance is provided.

All insurance policies shall provide that the Mortgagee shall be given 30 days' prior written notice of any modification, nonrenewal or cancellation.

UNOFFICIAL COPY

If the Mortgagor fails to obtain or maintain any of the insurance policies required under this Mortgage or to pay any premium in whole or in part when due, the Mortgagee may (without waiving or releasing any obligation or Event of Default by the Mortgagor hereunder) obtain and maintain such insurance policies and take any other action which the Mortgagee deems advisable to protect its interest in the Premises. All sums so disbursed by the Mortgagee, including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by the Mortgagor upon demand by the Mortgagee.

The Mortgagor shall require the Contractor and all subcontractors to carry the insurance required herein, or the Mortgagor may provide the coverage for any or all of the Contractor and subcontractors; and, if so, the evidence of insurance submitted shall so stipulate.

Any and all deductibles or self-insured retention on the insurance coverages required herein shall be borne by the Mortgagor, the Contractor or the appropriate subcontractor, as applicable.

The Mortgagor expressly understands and agrees that any insurance coverages and limits furnished by the Mortgagor shall in no way limit the Mortgagor's liabilities and responsibilities specified under any of the Grant Documents or by law.

The Mortgagor agrees and shall cause the Contractor to agree that all insurers shall waive their rights of subrogation against the Mortgagee, its employees, elected officials, agents or representatives. The Mortgagor hereby agrees to assume any liabilities of the Mortgagee related to subrogation rights of subcontractors' insurers.

The Mortgagor expressly understands and agrees that any insurance or self-insurance programs maintained with respect to the Premises by the Mortgagee shall apply in excess of and not contribute with insurance provided by the Mortgagor, the Contractor or any subcontractor under this Section.

The insurance required hereunder to be carried shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

If the Mortgagor or the Contractor desires additional coverage, higher limits of liability, or other modifications for its own protection, the Mortgagor or the Contractor, as appropriate, shall be responsible for the acquisition and cost of such additional protection.

The Mortgagee maintains the right to modify, delete, alter or change these requirements.

(5) Inspection of Premises and of Books and Records. The Mortgagor shall permit the Mortgagee and/or its agents to inspect the Premises at all reasonable times, and access thereto shall be permitted for that purpose. The Mortgagor shall keep and maintain full and correct records at the Mortgagor's office showing in detail the income and expenses of the Premises and shall make such books, records and all supporting vouchers, data and other documents available for inspection, copying (including excerpts and transcriptions), audit and examination upon request by the Mortgagee and its agents, successors and assigns for a period of six years from the date hereof.

(6) Insurance Proceeds. In the event of any damage to, or destruction of the Premises, the Mortgagor will give written notice to the Mortgagee of such damage or destruction within five Business Days thereafter and authorize the Mortgagee to proceed as follows:

30071439

30071439

(a) In the event of any loss covered by insurance policies, the Mortgagee is hereby authorized at its option to either (i) settle and adjust any claim under such policies without the consent of the Mortgagor, or (ii) allow the Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. The Mortgagee shall, and is hereby authorized to, collect any such insurance proceeds, and the expenses incurred by the Mortgagee in the adjustment and collection of insurance proceeds shall be deemed additional indebtedness secured by this Mortgage and shall be reimbursed to the Mortgagee by the Mortgagor upon demand.

(b) In the event of any insured damage to, or destruction of, the Premises or any part thereof, the Mortgagee shall apply the proceeds of insurance to reimburse or, at the option of the Mortgagee, pay directly the Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises if (i) an Event of Default hereunder or an event of default under any of the other Grant Documents shall not have occurred and be continuing; (ii) such insurance proceeds shall be in an amount sufficient to restore the Premises to at least the same value and substantially the same character as the Premises had immediately prior to such damage or destruction (and subject to no liens or encumbrances other than Permitted Encumbrances), or if such proceeds are not so sufficient, the Mortgagor shall promptly deposit with the Mortgagee funds equal to the amount of such deficiency; (iii) the Mortgagor shall obtain all required governmental approvals with respect to such restoration, repair, replacement or rebuilding; (iv) prior to such restoration, repair, replacement or rebuilding, the Mortgagee shall receive and approve plans and specifications and a detailed budget and cost breakdown with respect to such work; and (v) such restoration, repair, replacement or rebuilding is reasonably susceptible to completion not less than six months prior to the Maturity Date.

(c) In the event that proceeds of insurance, if any, shall be made available to the Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, the Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and approved by the Mortgagee, and to expend all such proceeds and any funds deposited by the Mortgagor pursuant to Section 7(b)(ii) hereof prior to the further disbursement of any Grant proceeds. If the amount of such insurance proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by the Mortgagee.

(d) If all of the conditions described in paragraph (b) of this Section with respect to the application of proceeds of insurance shall not be met, the Mortgagee may, in its sole discretion, apply such proceeds to the amount repayable secured hereby in such order or manner as the Mortgagee may elect.

(e) To the extent that any amount of proceeds of insurance remain unexpended after completion of the restoration, repair, replacement or rebuilding of the Premises, such amount shall be applied to the amount repayable secured hereby.

(7) Condemnation/Eminent Domain. The Mortgagor shall give the Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or taking by eminent domain or any like process ("Taking"), of all or any portion of the Premises or affecting any easement thereon or appurtenance thereto and shall deliver to the Mortgagee copies of any and all papers served in connection with any such proceedings, and the Mortgagor hereby assigns and transfers to the Mortgagee, the entire proceeds of all awards resulting from any Taking. The Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor. In the event of any such Taking, the Mortgagee may, in its sole discretion, (i) apply the

UNOFFICIAL COPY

30071439

proceeds of all awards resulting from such Taking to the amount repayable secured hereby in such order or manner as the Mortgagee may elect, or (ii) apply such proceeds to reimburse or, at the option of the Mortgagee, pay directly the Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises. In the event that such proceeds, if any, shall be made available to the Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, the Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value and substantially the same character as prior to such Taking, all to be effected in accordance with plans and specifications submitted to and approved by the Mortgagee. If the amount of such proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by the Mortgagee.

(8) Transfer and Encumbrance of Premises. The Mortgagor shall not (a) create, effect, contract for, commit to consent to, suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the foregoing), directly or indirectly, by willful act, by operation of law or otherwise, of all or any portion of the Premises or any interest therein; and (b) use the Premises other than as an SRO Building (each of the foregoing being referred to herein as a "Prohibited Transfer"); other than Permitted Encumbrances and a contract for sale or financing to pay in full any amount repayable under the Grant Agreement and all other amounts due and owing by the Mortgagor to the Mortgagee under the Grant Documents, just causes on Event of Default, without the Mortgagee's prior written consent. Any waiver by the Mortgagee of the provisions of this paragraph shall not be deemed to be a waiver of the right of the Mortgagee to insist upon strict compliance with the provisions of this paragraph in the future.

(9) Mortgagee's Options. In case of an Event of Default hereunder by the Mortgagor, the Mortgagee may (but is not obligated to) make any payment or perform any act herein required of the Mortgagor in any form and manner deemed expedient, and may (but is not obligated to) make full or partial payments of the unforgiven balance 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 the Premises from any tax sale or forfeiture affecting the Premises or contest any tax or assessment thereon. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by the Mortgagee to protect the Premises and the lien hereof, shall be deemed additional amount repayable secured hereby, and shall become immediately due and payable, with interest thereon at a rate of the lesser of 15 percent per annum or the maximum amount permitted by law. Inaction of the Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of the Mortgagor.

(10) Assignment of Rents and Leases. It is expressly understood and agreed by the Mortgagor that the Premises are to be maintained as an SRO Building as long as the Grant remains outstanding. It is expressly understood and agreed by the parties hereto that before an Event of Default (as hereinafter defined) occurs, the Mortgagor shall have the right to collect the Rents and to retain, use and enjoy the same; provided, however, that even before an Event of Default occurs, no Rents more than one month in advance shall be collected or accepted without the prior written consent of the Mortgagee. Anything to the contrary notwithstanding, after the occurrence of an Event of Default, the Mortgagor hereby assigns to the Mortgagee any award made hereafter to the Mortgagor in any court procedure involving any of the lessees in any bankruptcy, insolvency or reorganization proceedings in any state or federal court, and any and all payments made by lessees in lieu of rent. Upon the occurrence of an Event of Default, the Mortgagor hereby appoints the Mortgagee as its irrevocable attorney in fact to appear in any action and/or to collect any such award or payment; subject to the condition, however, that if after the occurrence of an Event of Default, said Event of Default shall be cured or waived, the appointment of the Mortgagee as attorney in fact for the Mortgagor shall cease and determine.

UNOFFICIAL COPY

30071439

The Mortgagor covenants (i) the Mortgagor shall have full right and title to assign the Leases and the Rents, due or to become due thereunder; (ii) the terms of the Leases shall have not been changed from the terms in the copy of the Leases submitted to the Mortgagee for approval; (iii) no other assignment of any interest therein shall have been made; (iv) there shall be no existing defaults as to the Mortgagor under the provisions thereof; (v) no Rents under any of the Leases shall have theretofore been collected more than one month in advance; (vi) the Mortgagor shall comply with all of the material terms of all of the Leases; (vii) the Mortgagor shall promptly give the Mortgagee a copy of any notice received by the Mortgagor concerning any material default by the Mortgagor under any of the Leases; and (viii) the Mortgagor shall not thereafter cancel, surrender or terminate any of the Leases, or exercise any option which might lead to such termination or change, or alter or modify any of the Leases or consent to the release of any party liable thereunder or to the assignment of any lessee's interest in any Lease to which such lessee is a party.

The Mortgagor hereby authorizes the Mortgagee, if an Event of Default has occurred and is continuing, to give notice in writing of this Mortgage at any time to any tenant under any of the Leases.

(11) Subrogation. To the extent that the Mortgagee, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Mortgage, or the Mortgagor or any other person or entity pays any such sum with the proceeds of the amount repayable secured hereby, the Mortgagee shall have and be entitled to a lien or other interest on the Premises equal in priority to the lien or other interest discharged and the Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit the Mortgagee in securing the amount repayable secured hereby.

(12) Events of Default. The following shall constitute an "Event of Default" under this Mortgage:

(a) the Mortgagor's failure to pay, when due, any amount due, under the terms of the Grant Agreement, or to pay when due (including any applicable notice and/or cure periods) any other sums required to be paid by the Mortgagor under the Grant Documents;

(b) subject to Section 41 hereof, default by the Mortgagor in the performance or observance of any condition, warranty, representation, covenant, provision or term (other than as referred to in the other paragraphs of this Section 12) contained herein or in the other Grant Documents, which remains unremedied for 30 days after notice thereof from the Mortgagee to the Mortgagor, provided, however, that if any such default cannot reasonably be remedied within said 30-day period and if the Mortgagor shall have commenced to remedy such default within said 30-day period and shall thereafter continue diligently to effect such remedy, then said 30-day period shall be extended to 60 days upon written request from the Mortgagor to the Mortgagee delivered during such 30-day period, and upon further written request from the Mortgagor to the Mortgagee delivered during said 60-day period, said 60-day period shall be extended to 90 days (provided, however, that Mortgagee shall not be precluded during any such periods from exercising any remedies available under any of the Grant Documents if its security becomes or is about to become materially jeopardized by any failure to cure a default within such period);

(c) the occurrence of a default or an event of default under any of the Senior Loan Documents, if any, which default or event of default is not timely cured pursuant to any applicable cure period as set forth in the Senior Loan Documents, if any;

UNOFFICIAL COPY

30071439

(d) subject to Section 41 hereof, default by the Mortgagor in the performance or observance of any condition, warranty, representation, covenant, provision or term (other than as referred to in the other paragraphs of this Section 12) contained herein or in the other Grant Documents;

(e) a writ of execution, attachment or any similar process shall be issued or levied against all or any portion of the Premises or any interest therein, or any judgment involving monetary damages shall be entered against the Mortgagor which shall become a lien on all or any portion of the Premises or any interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 30 days after its entry or levy;

(f) any warranty, representation or statement made or furnished to the Mortgagee by or on behalf of the Mortgagor proving to have been false in any material respect when made or furnished;

(g) the abandonment by the Mortgagor of all or any portion of the Premises;

(h) the occurrence of any event of default with respect to the payment of any monies due and payable to the Mortgagee by the Mortgagor other than in connection with the Grant, or the occurrence of a default in the performance or observance of any material obligation, provision or condition by the Mortgagor under any agreement or other instrument other than in connection with the Grant to which the Mortgagor is now or hereafter a party, or the occurrence of any other event under any such agreement or instrument upon which any holder of any amount repayable outstanding thereunder may declare the same due and payable, and in each such case the continuation of such default beyond any applicable cure periods;

(i) the Mortgagor's failure to discharge any Charge in accordance with the terms hereof or a failure to procure or maintain any insurance required under the Grant Documents;

(j) the entry of a decree or order for relief by a court having jurisdiction with respect to the Mortgagor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of the Mortgagor or for the Premises or for any substantial part of the property of the Mortgagor and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days;

(k) the commencement by the Mortgagor of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by the Mortgagor to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Mortgagor or the Premises or of any substantial part of the property of the Mortgagor or of any royalties, revenues, rents, issues or profits therefrom, or the making by the Mortgagor of any assignment for the benefit of creditors or the failure of the Mortgagor generally to pay its debts as such debts become due or the taking of action by the Mortgagor in furtherance of any of the foregoing;

(l) a final judgment for the payment of money in excess of \$100,000 shall be rendered by a court of record against the Mortgagor and the Mortgagor shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within 60 days from the date of entry thereof, or such longer period during which execution of such judgment shall have been stayed;

UNOFFICIAL COPY

30071439

(m) the Mortgagor's sale, partial sale, transfer, refinancing, conveyance, mortgage, pledge, grant of security interest, assignment, syndication or other disposition of all or any portion of the Premises or any interest therein without the prior written consent of the Mortgagee, whether by operation of law, voluntarily or otherwise or if the Mortgagor shall enter into a contract to do any of the foregoing without the prior written consent of the Mortgagee or any other violation of Section 8 hereof (except as may be expressly permitted in Section 8 hereof or except a contract for sale or financing to pay in full any amount repayable due and owing under the Grant Agreement and all other amounts due and owing by the Mortgagor to the Mortgagee under the Grant Documents);

(n) failure to maintain the Premises as an SRO Building or use of the Premises other than as an SRO Building; and

(o) any event of default under any of the other Grant Documents which has not been cured within any applicable grace period.

(13) Repayment. Upon the occurrence of an Event of Default hereunder, the unforgiven balance of the Grant will be immediately repayable, together with all other amounts then due and owing by the Mortgagor to the Mortgagee under any of the Grant Documents, at the place of payment as aforesaid, and the Mortgagee may proceed to foreclose this Mortgage and to exercise any rights and remedies available to the Mortgagee under this Mortgage or any of the other Grant Documents and to exercise any other rights and remedies against the Mortgagor, or with respect to the Grant Agreement, which the Mortgagee may have at law, in equity or otherwise; provided, however, that upon the occurrence of an Event of Default under Section 12(viii) or (ix) hereof, the entire unforgiven balance of the Grant shall, without any declaration, notice or other action on the part of the Mortgagee, be immediately due and payable, anything herein or in the other Grant Documents to the contrary notwithstanding. The Mortgagee may also elect to commence an action to enforce specifically any of the provisions contained in any of the Grant Documents.

(14) Remedies. The Mortgagee's remedies as provided in this Mortgage or the other Grant Documents shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of the Mortgagee and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. Failure of the Mortgagee, for any period of time or on more than one occasion, to exercise any such remedy shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of the Mortgagee, including specifically any failure to exercise any right or remedy, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by the Mortgagee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of the Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to the Mortgagee by the Grant Documents is not required to be given.

(15) Additional Indebtedness. In the event that: (a) the Grant Agreement is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; (b) an attorney is retained to represent the Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under any of the Grant Documents; (c) an attorney is retained to protect or enforce the lien of this Mortgage, or the liens or security interests of any of the other Grant Documents; or (d) an attorney is retained to represent the Mortgagee in any

UNOFFICIAL COPY

30071439

other proceedings whatsoever in connection with the Grant Documents, or any property subject thereto, then the Mortgagor shall pay to the Mortgagee all attorneys' fees, and all costs and expenses incurred in connection therewith.

(16) Waiver. The Mortgagee's failure to require strict performance by the Mortgagor of any provision of this Mortgage shall not waive, affect or diminish any right of the Mortgagee thereafter to demand strict compliance and performance therewith, nor shall any waiver by the Mortgagee of an Event of Default waive, suspend or affect any other Event of Default under this Mortgage, whether the same is prior or subsequent thereto, or of the same or a different type. The Mortgagee's delay in instituting or prosecuting any action or proceeding or otherwise asserting its rights hereunder or under any of the other Grant Documents, shall not operate as a waiver of such rights or limit them in any way so long as an Event of Default shall be continuing.

(17) Right of Possession. To the extent permitted by law, in any case in which, under the provisions of this Mortgage, the Mortgagee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, the Mortgagor shall, at the option of the Mortgagee, surrender to the Mortgagee, and the Mortgagee shall be entitled to take actual possession of all or any portion of the Premises personally or by its agents or attorneys, and the Mortgagee, in its sole discretion, may enter upon, take and maintain possession of all or any portion of the Premises.

Upon taking possession of the Premises, the Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Premises as it may deem judicious to insure, protect and maintain the Premises against all risks incidental to the Mortgagee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. The Mortgagee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time (the "Act").

The receipt by the Mortgagee of any Rents pursuant to this Mortgage after the institution of foreclosure proceedings under this Mortgage shall not cure such default nor affect such proceedings or any sale pursuant thereto. Upon foreclosure of this Mortgage, it is understood by the Mortgagor and the Mortgagee that the Mortgagee's rights under this Mortgage continue through the period of foreclosure.

(18) Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Premises. Such appointment may be made either before or after foreclosure sale, without notice, without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the amount repayable hereby secured, without regard to the value of the Premises at such time and whether or not the same is then occupied as a homestead, and without bond being required of the applicant. The Mortgagee or any employee or agent thereof may be appointed as such receiver. The receiver shall have the power to take possession, control and care of the Premises and to collect all Rents thereof and from the Leases, to let or relet the Premises or any part thereof, to cancel and modify Leases, evict tenants, bring or defend any suits in connection with the possession of the Premises in its own name or the Mortgagor's name, and perform such other acts, in its own name or the Mortgagor's name, in connection with the management and operation of the Premises as the Mortgagee,

UNOFFICIAL COPY

in its discretion, may deem proper, and all powers and duties provided for in Section 5/15-1704 of the Act, and such other powers as the court may direct.

30071439

(19) Foreclosure Sale. The Premises or any interest or estate therein sold pursuant to any court order or decree obtained under this Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as the Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale, the Mortgagee may bid for and acquire, as purchaser, all or any portion of the Premises and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of the Mortgagee's bid.

(20) Application of Proceeds from Foreclosure Sale. Proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Grant Agreement, with interest thereon, (iii) all unforgiven amounts, if any, unpaid under the terms and conditions of the Grant Agreement and (iv) any surplus or remaining funds to the Mortgagor, its successors or assigns, as their rights may appear.

(21) Insurance Upon Foreclosure. Wherever provision is made in this Mortgage for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of the Mortgagee, or to confer authority upon the Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of the Mortgagee shall continue in the Mortgagee as judgment creditor or mortgagee until confirmation of sale. Upon confirmation of sale, the Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Premises, shall be used to pay the amount due in accordance with any foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

(22) Remedies for Leases and Rents. If any Event of Default shall occur, then, whether before or after institution of legal proceedings to foreclose the lien of this Mortgage or before or after the sale thereunder, the Mortgagee shall be entitled, in its discretion, to do all or any of the following: (i) enter and take actual possession of the Premises, the Rents, the Leases and other collateral relating thereto or any part thereof personally, or by its agents or attorneys, and exclude the Mortgagor therefrom; (ii) with or without process of law, enter upon and take and maintain possession of all of the documents, books, records, papers and accounts of the Mortgagor relating thereto; (iii) as attorney-in-fact or agent of the Mortgagor, or in its own name as mortgagee and under the powers herein granted, hold, operate, manage and control the Premises, the Rents, the Leases, and other collateral relating thereto and conduct the business, if any, thereof either personally or by its agents, contractors or nominees, 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 of the Rents, the Leases and other collateral relating thereto (including actions for the recovery of rent, actions in forcible detainer and actions in distress of rent); (iv) cancel or terminate any Lease or sublease for any cause or on any ground which would entitle the Mortgagor to cancel the same; (v) elect to disaffirm any Lease or sublease made subsequent hereto or subordinated to the lien hereof; (vi) make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements to the Premises that, in its discretion, may seem appropriate; (vii) insure and reinsure any collateral secured hereby for all risks incidental to the Mortgagee's possession, operation and management thereof; and

UNOFFICIAL COPY

30071439

(viii) receive all such Rents, and perform such other acts in connection with the management and operation of the Rents, Leases and other collateral secured hereby, as the Mortgagee in its discretion may deem proper, the Mortgagor hereby granting the Mortgagee full power and authority to exercise each and every one of the rights, privileges and powers contained herein at any and all times after any Event of Default without notice to the Mortgagor or any other Person. The Mortgagee, in the exercise of the rights and powers conferred upon it hereby, shall have full power to use and apply the Rents to the payment of or on account of the following, in such order as it may determine: (a) to the payment of the operating expenses of the Premises, including the cost of management and leasing thereof (which shall include reasonable compensation to the Mortgagee and its agents or contractors, if management be delegated to agents or contractors, and it 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 above authorized; (b) to the payment of taxes, charges and special assessments, the costs of all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Real Property or other collateral secured hereby, including the costs from time to time of installing, replacing or repairing the Equipment on other collateral secured hereby, and of placing the Real Property, the Equipment or other collateral secured hereby in such condition as will, in the judgment of the Mortgagee, make it readily rentable; and (c) to the payment of any amounts described in Sections (20) (ii) and (iii) hereof. The entering upon and taking possession of the Premises, or any part thereof, and the collection of any Rents and the application thereof as aforesaid shall not cure or waive any Event of Default theretofore or thereafter occurring or affect any notice or Event of Default hereunder or invalidate any act done pursuant to any such Event of Default or notice, and, notwithstanding continuance in possession of the Premises or any part thereof by the Mortgagee or a receiver and the collection, receipt and application of the Rents, the Mortgagee shall be entitled to exercise every right provided for in this Mortgage or by law or in equity upon or after the occurrence of an Event of Default. Any of the actions referred to in this Section 22 may be taken by the Mortgagee irrespective of whether any notice of an Event of Default has been given hereunder and without regard to the adequacy of the security for the amount repayable hereby secured.

(23) Personal Property/Documents. During the continuance of any Event of Default, the Mortgagee may exercise from time to time any rights and remedies available to it under applicable law upon default in payment of indebtedness. The Mortgagor shall, promptly upon request by the Mortgagee, assemble the Equipment, the collateral relating to the Documents or other collateral secured hereby and make it available to the Mortgagee at such place or places, reasonably convenient for both the Mortgagee and the Mortgagor, as the Mortgagee shall designate. The Mortgagor hereby expressly waives, to the fullest extent permitted by applicable law, any and all notices, advertisements, hearings, or process of law in connection with the exercise by the Mortgagee of any of its rights and remedies after an Event of Default occurs. If any notification of intended disposition of any of the Equipment, the collateral relating to the Documents or other collateral secured hereby is required by law, such notification, if mailed, shall be deemed reasonably and properly given if mailed by registered or certified mail, return receipt requested, at least five business days before such disposition, postage prepaid, addressed to the Mortgagor either at the address shown above or at any other address of the Mortgagor appearing on the records of the Mortgagee. Without limiting the generality of the foregoing, whenever there exists an Event of Default hereunder, the Mortgagee may, with respect to so much of the Equipment, collateral relating to the Documents or other collateral secured hereby as is personal property under applicable law, to the fullest extent permitted by applicable law, without further notice, advertisement, hearing or process of law or any kind, (i) notify any Person obligated on the Equipment, collateral relating to the Documents or other collateral secured hereby to perform directly for the Mortgagee its obligations thereunder, (ii) enforce collection of any of the Equipment, collateral relating to the Documents or other collateral secured hereby by suit or otherwise, and surrender, release or

exchange all or any part thereof or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto, (iii) endorse any checks, drafts or other writings in the name of the Mortgagor to allow collection of the Equipment, collateral relating to the Documents or other collateral secured hereby, (iv) take control of any proceeds of the Equipment, collateral relating to the Documents or other collateral secured hereby, (v) enter upon any premises where any of the collateral may be located and take possession of and remove such Equipment, collateral relating to the Documents or other collateral secured hereby and render all or any part of the Equipment, collateral relating to the Documents or other collateral secured hereby unusable, all without being responsible for loss or damage, (vi) sell any or all of the Equipment, collateral relating to the Documents or other collateral secured hereby, free of all rights and claims of the Mortgagor therein and thereto, at any lawful public or private sale, and (vii) bid for and purchase any or all of the Equipment, collateral relating to the Documents or other collateral secured hereby at any such public or private sale. Any proceeds of any disposition by the Mortgagee of any of the Equipment, collateral relating to the Documents or other collateral secured hereby may be applied by the Mortgagee to the payment of expenses in connection with the Equipment, collateral relating to the Documents or other collateral secured hereby, including attorneys' fees and legal expenses, and any balance of such proceeds shall be applied by the Mortgagee toward the payment of any amounts owing under the terms and conditions of the Grant Agreement or the other Grant Documents in such order of application as the Mortgagee may from time to time elect. Without limiting the foregoing, the Mortgagee may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code or other applicable law as in effect from time to time or otherwise available to it under applicable law.

The Mortgagor hereby expressly waives presentment, demand, notice of dishonor, protest and notice of protest in connection with the Grant and, to the fullest extent permitted by applicable law, any and all other notices, demands, advertisements, hearings or process of law in connection with the exercise by the Mortgagee of any of its rights and remedies hereunder. During the continuance of an Event of Default, the Mortgagor hereby constitutes the Mortgagee its attorney-in-fact with full power of substitution to take possession of the Equipment, collateral relating to the Documents or other collateral secured hereby upon any Event of Default and, as the Mortgagee in its sole discretion deems necessary or proper, to exercise any or all of the Mortgagor's rights in, to, and under the Documents, to give appropriate receipts, releases, and satisfactions on behalf of the Mortgagor in connection with the performance by the other parties under the Documents, to do any or all other acts, in the Mortgagor's name or in the Mortgagee's own name, that the Mortgagor could do under any or all of the Documents with the same force and effect as if this Mortgage had not been made, to perform, any agreement contained herein, and to execute and deliver all instruments required by the Mortgagee to accomplish the disposition of the Equipment, collateral relating to the Documents or other collateral secured hereby. This power of attorney is a power coupled with an interest and is irrevocable while any amounts owing are outstanding.

(24) Waiver of Statutory Rights. To the extent permitted by law, the Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called "Moratorium Laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage and hereby waives the benefit of such laws. The Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. To the extent permitted by law, the Mortgagor hereby expressly waives any and all rights of redemption and reinstatement, on its own behalf and on behalf of each and every person having a beneficial interest in the Mortgagor, it being the intent hereof that any and all such rights of redemption

UNOFFICIAL COPY

30071439

or reinstatement of the Mortgagor and of all other persons are and shall be deemed to be hereby waived. The Mortgagor acknowledges that the Premises do not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Act.

(25) Partial Payments. Acceptance by the Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the Mortgagee's right to exercise its option to declare the whole of the unforgiven balance of the Grant then remaining unpaid, together with all accrued interest, if any, thereon, immediately due and payable without notice, or any other rights of the Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

(26) Rescission of Election. Acceleration of maturity, once made by the Mortgagee, may at the option of the Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at the Mortgagee's option, be discontinued or dismissed. In either of such events, the Mortgagor and the Mortgagee shall be restored to their former positions, and the rights, remedies and powers of the Mortgagee shall continue as if such acceleration had not been made or such proceedings had not been commenced, as the case may be.

(27) Notice. Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested.

If to the Mortgagee: Department of Housing
City of Chicago
318 South Michigan Avenue
Chicago, Illinois 60604
Attention: Commissioner

with copies to: Office of the Corporation Counsel
City of Chicago
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic Development Division

Department of Finance
City of Chicago
121 North LaSalle Street, Room 501
Chicago, Illinois 60602
Attention: Comptroller

If to the Mortgagor: As specified on Exhibit A.

Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier and, if sent pursuant to clause (d) above, shall be deemed received two Business Days following deposit in the mail.

(28) Time. Time is of the essence with respect to the Grant Documents.

(29) Modifications. This Mortgage may not be altered, amended, modified, canceled, changed or discharged except by written instrument signed by the Mortgagor and the Mortgagee or their respective successors and assigns.

(30) Headings. The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience of reference only and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

(31) Exhibits. Exhibits A through C to this Mortgage will be construed to be an integral part of this Mortgage to the same extent as if set forth verbatim herein.

(32) Construction of Mortgage. This Mortgage shall be construed and enforced according to the internal laws of the State of Illinois without regard to its conflict of laws principles.

(33) Severability. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the remainder of this Mortgage shall be construed as if such invalid part were never included herein and this Mortgage shall be and remain valid and enforceable to the fullest extent permitted by law.

(34) Grammar. As used in this Mortgage, the singular shall include the plural; and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

(35) Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagor and its successors and assigns (including, without limitation, each and every record owner of the Premises or any other person having an interest therein), and shall inure to the benefit of the Mortgagee and its successors and assigns. Whenever the Mortgagee is referred to herein, such reference shall also include the holder of the rights and remedies under the Grant Agreement, whether so expressed or not.

(36) Further Assurances. The Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance necessary or proper, in the sole judgment of the Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to the Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by the Mortgagor, and for creating, maintaining and preserving the lien and security interest created hereby on the Premises. Upon any failure by the Mortgagor to do so, the Mortgagee may make, execute and record any and all such documents for and in the name of the Mortgagor, and the Mortgagor hereby irrevocably appoints the Mortgagee and its agents as attorney-in-fact for that purpose. The Mortgagor will reimburse the Mortgagee for any sums expended by the Mortgagee in making, executing and recording such documents including attorneys' fees and court costs.

(37) Indemnification. The Mortgagor shall protect, defend, indemnify, keep, save and hold the Mortgagee, its employees, agents and officials free and harmless against all claims, suits, judgments, costs, expenses or liabilities of any kind arising out of, resulting from or in any way connected with this Mortgage, the Grant Documents, the Project, the Premises or the Grant, excluding however any claims, suits, judgments, costs or expenses occasioned by the gross negligence or willful misconduct of the Mortgagee unless such act is taken in response to (i) any negligent act or omission of the Mortgagor or

(ii) any breach of this Mortgage or the Grant Documents by the Mortgagor. The covenants of the Mortgagor contained in this Section shall survive the termination or expiration of this Mortgage and the Grant Agreement.

(38) Security Agreement. This Mortgage shall be construed as a "security agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Premises which constitutes fixtures or personal property. The Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded the Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code. This Mortgage is a "construction mortgage" as that term is defined in Section 9-313(1)(c) of said Uniform Commercial Code.

(39) No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in fee simple title, it is hereby understood and agreed that should the Mortgagee acquire any additional or other interests in or to the Premises or the ownership thereof, then, unless a contrary interest is manifested by the Mortgagee, as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

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

(a) all advances by the Mortgagee in accordance with the terms of this Mortgage to: (i) preserve or maintain, repair, restore or rebuild the improvements upon the Premises; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5/15-1302 of the Act;

(b) payments by the Mortgagee of: (i) when due, installments of the principal, interest or other obligations under any other lien or encumbrance prior to this Mortgage; (ii) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Premises or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;

(c) advances by the Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

(d) attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504(d)(2) and 5/15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against the Mortgagee for the enforcement of this Mortgage or arising from the interest of the Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

UNOFFICIAL COPY

30071439

(e) The Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;

(f) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

(g) expenses deductible from proceeds of sale as referred to in Subsections (a) and (b) of Section 5/15-1512 of the Act; and

(h) expenses incurred and expenditures made by the Mortgagee for any one or more of the following: (i) if the Premises or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Premises is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by the Mortgagee whether or not the Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Premises imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by the Mortgagee to be for the benefit of the Premises or required to be made by the owner of the Premises under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Premises; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; (vii) costs incurred by the Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the Grant Agreement; (viii) pursuant to any lease or other agreement for occupancy of the Premises; and (ix) if this Mortgage is insured, payments of FHA or private mortgage insurance.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the rate of interest payable after default under the terms and conditions of the Grant Agreement.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 5/15-1302 of the Act.

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

- (1) the determination of the amount repayable secured by this Mortgage at any time;
- (2) the indebtedness found due and owing to the Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

- (3) if the right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 5/15-1603 of the Act;
- (4) the determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;
- (5) the application of income in the hands of any receiver or mortgagee in possession; and
- (6) the computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 5/15-1508 and Section 5/15-1511 of the Act.

The maximum amount of indebtedness secured by this Mortgage is \$20,000 plus interest, plus any disbursements for the payment of taxes and insurance on the Premises, plus interest thereon, and any other sums advanced in accordance with the terms hereof or any of the other Grant Documents to protect the security of this Mortgage or any of the other Grant Documents plus interest thereon.

(41) The Grant Agreement is referred to herein as the "Commitment." The Mortgagee has bound itself and does hereby bind itself to make advances pursuant to and subject to the terms of the Commitment, and the parties hereby acknowledge and intend that all such advances, including future advances whenever hereafter made, shall be a lien from the time this Mortgage is recorded, as provided in Section 15-1302(b)(1) of the Act.

(42) Junior Mortgage. This is a junior mortgage on the Premises and is subject and subordinate in each and every respect to any and all rights of any kind created by:

That certain Mortgage dated February 8, 2002 made by the Trustee in favor of Crystal Lake Bank & Trust Compaby, N.A. (the "Senior Lender") and recorded prior hereto in the Office of the Cook County Recorder of Deeds, securing a note of even date therewith in the principal amount of \$200,000 in favor of Senior Lender; that certain Mortgage dated February 8, 2002 made by the Trustee in favor of the Senior Lender and recorded prior hereto in the Office of the Cook County Recorder of Deeds, securing a note of even date therewith in the principal amount of \$100,000 in favor of Senior Lender; and that certain Mortgage dated February 8, 2002 made by the Trustee in favor of the Senior Lender and recorded prior hereto in the Office of the Cook County Recorder of Deeds, securing a note of even date therewith in the principal amount of \$82,000 in favor of Senior Lender..

So long as the Senior Mortgage is in effect, in the event of any conflict between the provisions of this Mortgage and the Senior Mortgage, the provisions of the Senior Mortgage shall prevail. Any waiver or forbearance by the Senior Lender under the Senior Loan Documents shall not impair the priority of its lien under the Senior Loan Documents. Notwithstanding any other provision herein to the contrary, the failure by the Mortgagor to provide to the Mortgagee any dollar amounts or any documents as may be required herein because such amounts or documents are required to be deposited with Senior Lender pursuant to the provisions of the Senior Mortgage shall not be deemed an "Event of Default" hereunder; provided, however, that the Mortgagor shall promptly provide to the Mortgagee written notice of the deposit of such amounts or documents with Senior Lender (together with copies of such documents). Notwithstanding any other provision herein to the contrary, the failure by the Mortgagor to comply with any provision hereof (other than the payment of amounts or the provision of documents to the Mortgagee) due to conflict between the provisions of the Senior Mortgage and the provisions hereof

UNOFFICIAL COPY

30071439

shall not be deemed an "Event of Default" hereunder; provided, however, that the Mortgagor shall promptly provide to the Mortgagee written notice of such conflict and of the actions taken by the Mortgagor pursuant to the Senior Mortgage.

(42) If the Mortgagor hereunder is described as a trustee under a trust agreement, said trust arrangement constitutes a "land trust" as said term is defined in Section 5/15-1205 of the Act.

(43) This Mortgage is executed by LaSalle National Trust, N.A. as successor trustee to LaSalle National Bank, a national banking association ("LaSalle") as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee (and LaSalle hereby warrants that it possesses full power and authority to execute this Agreement). It is expressly understood and agreed by every person, firm or corporation hereafter claiming any interest under this Agreement that LaSalle, as Trustee as aforesaid, and not personally, has joined in the execution of this Agreement for the sole purpose of subjecting the title holding interest and the trust estate under the Trust to the terms of this Agreement; that any and all obligations, duties, covenants, indemnities and agreements of every nature herein set forth by LaSalle, as Trustee as aforesaid, to be kept or performed, are intended to be kept, performed and discharged by the Beneficiary under the Trust or their successors and not by LaSalle personally; and, further, that no duty shall rest upon LaSalle either personally or as such Trustee, to sequester trust assets, rentals, avails, or proceeds of any kind, or otherwise to see to the fulfillment or discharge of any obligation, express or implied, arising under the terms of this Agreement, except where said Trustee is acting pursuant to direction as provided by the terms of the Trust after the Trustee has been supplied with funds required for the purpose.

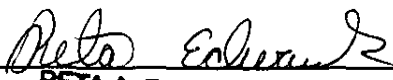
County Clerk's Office

UNOFFICIAL COPY

30071439

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

LASALLE NATIONAL TRUST, N.A., not personally but as Trustee of Trust No. 111781

By: 
Name: RETA A. EDWARDS
Its: TRUST OFFICER


ERIC RUBENSTEIN

Property of Cook County Clerk's Office

UNOFFICIAL COPY

30071439

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

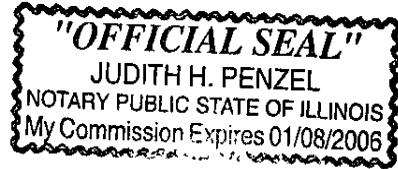
I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that RETA A. EDWARDS, personally known to me to be the ~~TRUST OWNER~~ LaSalle National Trust, N.A. as successor trustee to LaSalle National Bank, a national banking association (the "Trustee"); and personally 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 as such _____ (s)he signed and delivered the said instrument, pursuant to authority given by the Board of Directors of the Trustee, its free and voluntary act, and as the free and voluntary act of the Trustee for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 5th day of December, 2002.

Notary Public Judith H. Penzel

(SEAL)

My Commission Expires: 1/8/06



Property of Cook County Clerk's Office

UNOFFICIAL COPY

30071439

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Eric Rubenstein, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument, as his free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 10 day of December, 2002.

Notary Public

(SEAL)



Minerva Barlow

My Commission Expires: _____

Property of Cook County Clerk's Office

UNOFFICIAL COPY

30071439

EXHIBIT A

Address of the Mortgagor:

Eric Rubenstein, 8736 North East Prairie Road, Skokie, Illinois 60076.

LaSalle National Trust, N.A., 135 South LaSalle Street, Chicago, IL 60603-4159.

Grant Amount: \$39,000.

Repayment Terms of the Grant:

(a) The "Recipient" shall mean LaSalle National Trust, N.A. as successor trustee to LaSalle National Bank, a national banking association (the "Trustee"), not personally but solely as trustee under that certain Trust Agreement dated November 26, 1986 and known as Trust No. 111781 (the "Trust"); and Eric Rubenstein, an individual and sole beneficiary of the Trust.

(b) The Recipient's obligation to repay the Grant shall be reduced, during each month of the Grant Term, by 1/60th of the Grant Amount. Subject to Section 4.7 of the Grant Agreement, and paragraph (d) hereof, no interest rate shall be computed on the outstanding unforgiven balance of the Grant.

(c) If the Recipient fails to maintain the Premises as an SRO Building during such time as the Grant remains outstanding, the Recipient shall repay to the City on the Transfer Date an amount equal to the unforgiven balance of the Grant under the terms of paragraph (b) hereof.

(d) The Grant shall be immediately due and owing by the Recipient to the City in the event the City makes an election as provided in Section 8 of the Grant Agreement during the Grant Term. The amount of the Grant due and owing pursuant to this paragraph (d) shall be equal to the amount which would have been payable under the preceding paragraph (c) if the date of such election were the Transfer Date.

(e) If any payments or other charges due to the City as required under this Agreement or the other Grant Documents, shall not be paid on the date such payment is due, the Recipient shall pay the City as liquidated damages and not as a penalty an additional "late charge" of four percent of such delinquent payment or the maximum permitted by law, whichever is less, in order to defray the increased cost of collection occasioned by any such late payments. Further, any such delinquent payments shall bear interest from and after the date due at the lesser of the rate of 15 percent per annum or the maximum rate permitted by law until so paid. Demand, presentment for payment, protest, notice of non-payment and notice of protest are hereby waived by the Recipient. The interest rate shall be computed on the basis of a year consisting of 360 days.

UNOFFICIAL COPY

30071439

EXHIBIT B

LEGAL DESCRIPTION

Legal Description:

LOT 6 IN BLOCK 13 IN COCHRAN'S SECOND ADDITION TO EDGEWATER, BEING A SUBDIVISION OF THE EAST FRACTIONAL $\frac{1}{2}$ OF SECTION 5, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THE WEST 1,320 FEET OF THE SOUTH 1,913 FEET THEREOF AND THE RIGHT OF WAY OF THE CHICAGO EVANSTON AND LAKE SUPERIOR RAILROAD), IN COOK COUNTY, ILLINOIS.

Address Commonly Known as:

6018 North Winthrop Avenue, Chicago, Illinois 60640.

Permanent Index No.:

14-05-212-019.

Property of Cook County Clerk's Office

UNOFFICIAL COPY

30071439

30071439

EXHIBIT C

PERMITTED ENCUMBRANCES

1. The Senior Mortgage;
2. This Mortgage;
3. Any lease of the Premises existing prior to this Mortgage;
4. Any lease of the Premises entered into after the date hereof (it being acknowledged and agreed that the items described in this paragraph shall be subordinate to the lien of this Mortgage and the rights of the City established thereunder); and
5. Real estate taxes not yet due and payable.

Property of Cook County Clerk's Office