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**CONSTRUCTION MORTGAGE, ASSIGNMENT OF LEASES
AND SECURITY AGREEMENT**

THIS CONSTRUCTION MORTGAGE, ASSIGNMENT OF LEASES AND SECURITY AGREEMENT ("Mortgage") is made as of ~~February 23~~ 1993, by H2O PLUS, L.P., a Delaware limited partnership ("Mortgagor"), whose mailing address is as set forth herein, in favor of AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, (together with its successors and assigns, including each and every holder from time to time of the Note hereinafter referred to, the "Mortgagee"), whose mailing address is as set forth herein.

WITNESSETH:

Mortgagee has agreed to extend to Mortgagor a construction loan (the "Construction Loan") in a principal amount not to exceed Four Million and 00/100 Dollars (\$4,000,000.00) pursuant to the terms of that certain Secured Credit Agreement (together with all amendments, modifications, restatements, replacements, consolidations, substitutions, renewals and extensions thereof, the "Credit Agreement") of even date herewith by and between Mortgagor and Mortgagee.

Article 1

TERMS OF THE INDEBTEDNESS

1.1 Certain Terms of Indebtedness: The following is a summary of certain terms of the Indebtedness (as hereinafter defined) secured by this Mortgage:

(a) Note: The term "Note" shall refer to that certain "Property Note" of even date herewith made by Mortgagor and payable to the order of Mortgagee in the original principal amount of Four Million and 00/100 (\$4,000,000.00).

(b) Interest Rate and Payments: Interest shall accrue under the Note at the interest rate or rates set forth in the Credit Agreement. Principal and interest shall be due and payable in the amounts, at the times and as otherwise set forth in the Note.

(c) Maturity Date. All of the unpaid principal balance of the Note and all unpaid interest accrued thereon shall become due and payable, if not sooner paid, or if not sooner due by acceleration, or otherwise, on August 31, 1994 ("Maturity Date"); provided, however, the Maturity Date may be extended annually thereafter at the sole discretion of Mortgagee.

1.2 Definition of the Indebtedness: The term "Indebtedness" shall mean the principal amount and interest payable thereon, and all the fees, amounts, payments, liabilities and monetary liabilities and obligations due or required to be

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This Construction Mortgage was prepared by and after recording should be mailed to:

Common Address:
21 South Peoria
Chicago, IL

Raffi Kalousdian, Esq.
Lord, Bissell & Brook
Suite 3400
115 South LaSalle Street
Chicago, Illinois 60603

P.I.N.#'s:

- 17-17-208-001-0000
- 17-17-208-002-0000
- 17-17-208-005-0000
- 17-17-208-006-0000
- 17-17-208-007-0000
- 17-17-208-009-0000
- 17-17-208-010-0000
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BOX 333

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paid by Mortgagor under the Note, the Credit Agreement, other notes as set forth in the Credit Agreement, this Mortgage or the other Loan Documents (as hereinafter defined), and all amendments, modifications, restatements, replacements, consolidations, substitutions, renewals, extensions, and increases thereto, whether heretofore or hereafter existing, and whether direct or indirect, absolute or contingent.

Article 2

DEFINITIONS

2.1 Definitions: The following terms shall have the following meanings (any other capitalized term used herein that is not expressly defined in this Article shall have the meaning as defined elsewhere in this Mortgage or in the Credit Agreement):

(a) Affiliated Person: (i) If Mortgagor is a trustee, any beneficiary of the trust, including the general partners of any general or limited partnership that is a beneficiary of the trust, and any joint venture partners of any joint venture that is the beneficiary of the trust; (ii) If Mortgagor is a general or limited partnership, the general partners thereof; and (iii) If Mortgagor is a joint venture, the joint venture partners thereof.

(b) Awards: All awards and payments heretofore or hereafter made by any municipal, state or federal agency or authority to Mortgagor, including any awards or payments for any taking of the Mortgaged Property as a result of the exercise of the right of condemnation of eminent domain and any and all proceeds and payments heretofore or hereafter made by any insurance company as a result of any casualty or other event in connection with the Mortgaged Property.

(c) Intentionally Omitted.

(d) Buildings: Any and all structures and on-site improvements, and any and all additions, alterations, betterments and appurtenances thereto, now or at any time hereafter situated, placed or constructed upon the Real Estate (as hereinafter defined) or any part thereof.

(e) Code: The Uniform Commercial Code as enacted in Illinois, Ill. Rev. Stat., ch. 26 §9-101 et seq., as now or hereafter amended from time to time.

(f) Contracts: Any and all contracts, documents or agreements pertaining to the ownership, use, occupancy, development, design, construction, financing, operation, management, alteration, repair, marketing, sale, lease or enjoyment of the Mortgaged Property, and all rights, privileges, authority and benefits thereunder (but under no circumstances any liabilities, obligations or responsibilities thereunder).

(g) Default Rate: The lesser of: (i) two percent (2%) in excess of Mortgagee's Base Rate (as defined in the Credit Agreement), or (ii) the highest rate allowed to be charged or collected under applicable law.

(h) Event of Default: The occurrences defined in Article 9 of this Mortgage.

(i) Fixtures: All fixtures, as defined in and subject to the Code, located on the Real Estate including, without

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limitation, all systems, fittings, structures, equipment, apparatus, fixtures and other improvements and items now or hereafter temporarily or permanently attached to, installed in or used in connection with any of the Buildings or the Real Estate, including, but not limited to, any and all partitions, hardware, motors, engines, boilers, furnaces, pipes, plumbing, conduit, sprinkler systems, fire extinguishing equipment, elevator equipment, telephone and other communications equipment, security equipment, master antennas and cable television equipment, water tanks, heating, ventilating, air conditioning and refrigeration equipment, laundry facilities, and incinerating, gas and electric machinery and equipment, together with all replacements and substitutions thereto or therefor and the proceeds therefrom.

(j) Governmental Authority: Any and all courts, boards, agencies, commissions, offices or other authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) or arbitration authority, whether now or hereafter in existence.

(k) Impositions: All (i) general and special real estate and personal property taxes and assessments, water and sewer rates and charges, and all other governmental charges and any interest or costs or penalties with respect thereto, (ii) charges for any easement or agreement maintained for the benefit of the Mortgaged Property which at any time prior to or after the execution of the Loan Documents may be assessed, levied or imposed upon the Mortgaged Property or the rent or income received therefrom or any use or occupancy thereof, (iii) other taxes, assessments, fees and governmental charges levied, imposed or assessed upon or against Mortgagor in connection with the Mortgaged Property, and (iv) annual premiums for insurance policies required to be maintained under this Mortgage or the Loan Agreement with respect to the Mortgaged Property.

(l) Improvements: The Buildings together with all improvements set forth in accordance with the Plans and Specifications for constructing the Buildings.

(m) Leases: Any and all leases, subleases, licenses, concessions or grants of other possessory interests (written or oral) now or hereafter in force, covering or affecting the Mortgaged Property, or any part thereof or interest therein, together with all rights, powers, privileges, options and other benefits of Mortgagor thereunder (but under no circumstances any liabilities, obligations or responsibilities thereunder); provided that any such Leases must first be consented to in writing by Mortgagee.

(n) Legal Requirements: The terms, covenants, conditions and restrictions now or hereafter existing to which Mortgagor or any other Affiliated Person may be bound or to which the Mortgaged Property is subject under (i) any and all present and future statutes, laws, rulings, opinions, rules, regulations, codes, permits, certificates, approvals, ordinances, judicial decisions or orders of any Governmental Authority in any way applicable to Mortgagor or any other Affiliated Person or the Mortgaged Property, and the ownership, use, occupancy, possession, development, design, construction, financing, operation, maintenance, alteration, repair, marketing, sale, lease or enjoyment thereof, including without limitation, any related to zoning, building, utility service, sewer service, fire safety, land and water use, subdivision control, environmental protection, occupational health and safety or flood hazard; (ii) Mortgagor's or any other Affiliated Persons' presently or subsequently effective partnership agreement, joint venture or

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trust agreement; (iii) any and all Leases; (iv) any and all Contracts; (v) any lease, sublease, option, articles of agreement for deed, installment contract or other contract or agreement pursuant to which Mortgagor is granted any possessory, legal, equitable, beneficial or other interest in the Mortgaged Property; and (vi) any and all other easements, covenants, conditions, restrictions, leases or other contracts and agreements (written or oral) of any nature to which Mortgagor or any other Affiliated Person may be bound or to which the Mortgaged Property may be subject.

(o) Loan Documents: This Mortgage, the Note, the Assignment of Leases, the Credit Agreement, and each and every one of the other "Loan Documents" as defined in the Credit Agreement, all of even date herewith, and any and all other documents now or hereafter evidencing or securing the payment of the Indebtedness or the observance or performance of the Obligations, and any and all amendments, modifications, restatements, replacements, substitutions, renewals, extensions and increases thereto whether heretofore or hereafter entered into in connection therewith.

(p) Mortgaged Property: The Real Estate, Fixtures, Leases, Contracts, Rents, Awards and Personalty together with:

(i) any and all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances of the Real Estate belonging or in anyway appertaining thereto, and all right, title and interest of Mortgagor in and to any streets, ways, strips or gores of land adjoining the Real Estate or any part thereof;

(ii) any and all betterments, additions, appurtenances, substitutions, replacements and after acquired title or interests thereof and all reversions and remainders therein; and

(iii) any and all other security and collateral of any nature whatsoever, now or hereafter given for the repayment of the Indebtedness or the performance and discharge of the Obligations.

(q) Mortgagee: The above named Mortgagee and any and all successors, transferees, assignees and subsequent holders of the Note or other Loan Documents.

(r) Mortgagee's Address: 33 North LaSalle Street, Chicago, Illinois 60690.

(s) Mortgagor: The above named Mortgagor and any and all permitted successors, transferees, assignees and subsequent owners of the Mortgaged Property.

(t) Mortgagor's Address: 676 North Michigan Avenue, Chicago, Illinois 60611.

(u) Obligations: Any and all of the covenants, conditions, warranties, representations and other obligations (other than the obligation to repay the Indebtedness) of Mortgagor or others to Mortgagee under or as set forth in the Note, the Credit Agreement, this Mortgage or the other Loan Documents and under the Legal Requirements, whether heretofore or hereafter existing, and whether primary or secondary, direct or indirect, absolute or contingent, including the enforcement by Mortgagee of its rights and remedies under any and all of the Loan Documents (including

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all costs, expenses and reasonable attorneys and paralegal's fees and expenses incurred by Mortgagee).

(v) Permitted Exceptions: The encumbrances and title exceptions specifically described in Exhibit B attached hereto and made a part hereof.

(w) Personalty: All right, title and interest of Mortgagor in and to all other tangible personal property and any intangibles of any kind or character as defined in the provisions of the Uniform Commercial Code, and not the subject of loans under the Credit Agreement other than the Property Loan (for purposes of this document, "Property Loan" shall have the meaning assigned to it in the Credit Agreement), now or hereafter located upon, within or about the Real Estate and the Buildings, or used or useful in connection therewith, together with all existing or future accessories, replacements and substitutions thereto or therefor and the proceeds therefrom, including, but not limited to: (i) all building materials and equipment intended to be incorporated in the improvements now or hereafter to be constructed on the Real Estate, whether or not yet incorporated in such improvements; (ii) all machinery, apparatus, systems, equipment or articles used in supplying heating, gas, electricity, ventilation, air conditioning, water, light, power, refrigeration, fire protection, elevator service, telephone and other communication service, master antennas and cable television service, waste removal and all fire sprinklers, smoke detectors, alarm systems, security systems, electronic monitoring equipment and devices; (iii) all window or structural cleaning and maintenance equipment; (iv) cabinets, wall safes and other furnishings; (v) all rugs, carpets and other floor coverings, draperies, drapery rods and brackets, awnings, window shades, venetian blinds and curtains; (vi) all lamps, chandeliers and other lighting fixtures; (vii) all kitchen equipment and appliances, including refrigerators, ovens, dishwashers, range hoods and exhaust systems and disposal units; (viii) all tractors, mowers, sweepers, snow removal equipment and other equipment used in maintenance of interior and exterior portions of the Real Estate or the Buildings; and (ix) all other maintenance supplies and inventories; provided, that the enumeration of any specific articles of personalty set forth above shall in no way exclude or be held to exclude any items of property not specifically enumerated, and that any of the foregoing items that do not constitute personal property but constitute fixtures under applicable law shall be included in the definition of the term "Fixtures" as used herein.

(x) Real Estate: The Real Estate owned in fee simple absolute, subject to the Permitted Exceptions, by Mortgagor consisting of approximately 2.005 acres of land located at the southeast corner of Madison Street and Peoria Street, City of Chicago, the County of Cook, State of Illinois and legally described on Exhibit A attached hereto and made a part hereof.

(y) Rents: All of the rents, revenues, income, profits, deposits and other benefits payable under the Leases and/or otherwise arising from or out of the Mortgaged Property or out of the ownership, use, enjoyment or disposition of all or any portion of the Mortgaged Property or interest therein.

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Article 3

GRANT

3.1 Grant. To secure the full and timely payment of those portions of the Indebtedness relating to the Property Loan (as defined in the Credit Agreement) and the full and timely performance and discharge of the Obligations relating to the Property Loan, Mortgagor by these presents hereby GRANTS, BARGAINS, SELLS, ASSIGNS, MORTGAGES and CONVEYS unto Mortgagee the Mortgaged Property, subject to the Permitted Exceptions, to have and to hold the Mortgaged Property unto Mortgagee, its successors and assigns forever, free and clear from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois (which rights and benefits are hereby expressly released and waived) and Mortgagor does hereby warrant that Mortgagor is well and lawfully seized of good, absolute and indefeasible fee simple absolute title to the Mortgaged Property, free and clear of all mortgages, liens, charges, security interests and encumbrances whatsoever, except the Permitted Exceptions, and does hereby bind itself, its successors and assigns to warrant and forever defend fee simple absolute title to the Mortgaged Property unto Mortgagee, and the quiet and peaceful enjoyment and possession thereof, against every person whomsoever claiming the same or any part thereof or interest therein.

3.2 Condition of Grant: The condition of these presents is such that if Mortgagor shall pay or cause to be paid the Indebtedness as and when the same shall become due and payable and shall observe, perform and discharge the Obligations in accordance with this Mortgage and the other Loan Documents, then this Mortgage and the other Loan Documents and the estates and rights granted by them shall be released and terminated by Mortgagee.

Article 4

ASSIGNMENT OF LEASES AND RENTS

4.1 Assignment of Leases and Rents: To further secure the full and timely payment of Indebtedness and the full and timely performance and discharge of the Obligations, as such Indebtedness and Obligations relate to the Property Loan, Mortgagor hereby sells, assigns and transfers unto Mortgagee all of the Leases and the Rents now due and which may hereafter become due under or by virtue of any of the Leases which may have been heretofore or may be hereafter made or agreed to by Mortgagor, or the agents of Mortgagor, it being the intention hereby to establish an absolute and present transfer and assignment of all such Leases and all Rents and avails thereunder, to Mortgagee; provided, however, the acceptance by Mortgagee of the foregoing assignment, with all of the rights, powers, privileges and authority so created, shall not, prior to entry upon and taking possession of the Mortgaged Property by Mortgagee, be deemed or construed to constitute Mortgagee a "Mortgagee in Possession," nor thereafter or at any time or in any event obligate Mortgagee to appear in or defend any actions thereunder, to expend any money, incur any expenses, or perform or discharge any obligation, duty or liability under the Leases or to assume any obligation or responsibility for any security deposits or other deposits delivered to Mortgagor thereunder. So long as no Event of Default shall exist, Mortgagee shall not demand from any tenants under the Leases, any Rents or avails hereby assigned arising from or out of said Leases or any

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renewals, extensions or replacements thereof, or from or out of the Mortgaged Property or any part thereof, but shall permit the Mortgagor to collect, but not prior to accrual, all such Rents and avails and enjoy the same; provided that notwithstanding the foregoing, all tenants under the Leases shall comply with any demand for Rents or avails made by Mortgagee without inquiring or investigating as to whether such demand is made in compliance herewith. A demand by Mortgagee to any tenant by reason of any Event of Default claimed by Mortgagee shall be sufficient direction to said tenant to make future payments of Rents and avails to Mortgagee without the necessity for further consent by, or notice to, Mortgagor. Reference is hereby made to that certain Assignment of Rents, Leases and Profits of even date herewith executed by Mortgagor to Mortgagee, which sets forth in more detail the terms and conditions of said assignment, which terms, conditions, rights, remedies, powers and authority are herein incorporated by this reference.

Article 5

SECURITY AGREEMENT

5.1 Security Agreement: This Mortgage shall be construed as a mortgage on real property and it shall also constitute and serve as a "Security Agreement" on personal property within the meaning of, and shall constitute, until the grant of this Mortgage shall terminate as provided in paragraph 3.2 above, a security interest under the Code with respect to the following as they relate to the Property Loan (collectively hereinafter referred to as the "Collateral"): the Personalty, Fixtures, Contracts, Awards, Leases and Rents which do not form a part of the Real Estate covered by this Mortgage; all sums at any time on deposit for the benefit of Mortgagee or held by the Mortgagee (whether deposited by or on behalf of the Mortgagor or anyone else) pursuant to any of the provisions of the Mortgage or the Credit Agreement; and all replacements of, substitutions for, additions to and the cash and non-cash proceeds of the foregoing. To that end, Mortgagor hereby GRANTS, BARGAINS, CONVEYS, ASSIGNS, TRANSFERS and SETS OVER unto Mortgagee a security interest in and to any and all of Mortgagor's right, title and interest in, to the Collateral to secure the full and timely payment of the Indebtedness and the full and timely performance of the Obligations. All the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Mortgaged Property. The following provisions of this Section shall not limit the applicability of any other provision of this Mortgage but shall be in addition thereto:

(a) Mortgagor (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than the lien hereof and Permitted Exceptions.

(b) The Collateral is to be used by Mortgagor solely for business purposes.

(c) The Collateral constituting Fixtures will be kept on the Real Estate, and will not be removed therefrom without the consent of Mortgagee (being the Secured Party as that term is used in the Code) by Mortgagor or any other party; and such Collateral may be affixed to the Real Estate but will not be affixed to any other real estate.

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(d) The only persons having any interest in the Mortgaged Property are Mortgagor and Mortgagee, permitted lienholders, and any tenants under Leases consented to in writing by Mortgagor.

(e) No Financing Statement (other than Financing Statements showing Mortgagee as the sole secured party, or with respect to Permitted Exceptions) covering any of the Collateral or any proceeds thereof is on file in any public office except pursuant hereto. Mortgagor will at its own cost and expense, upon demand, furnish to Mortgagee such further information and will execute and deliver to Mortgagee such financing statements and other documents in form satisfactory to Mortgagee and will do all such acts as Mortgagee may at any time or from time to time request or as may be necessary or appropriate to establish and maintain a valid and perfected first priority security interest in the Collateral as security for the Indebtedness and Obligations, subject to no other liens or encumbrances, other than liens or encumbrances benefitting Mortgagee and liens and encumbrances which are Permitted Exceptions. Mortgagor shall pay the cost of filing or recording such financing statements or other documents, and this instrument, in all public offices wherever filing or recording is deemed by Mortgagee to be necessary or desirable.

(f) Upon any Event of Default hereunder, the Mortgagee at its option may declare the Indebtedness and Obligations immediately due and payable, all as more fully set forth in Section 10 hereof, and Mortgagee shall have the remedies of a secured party under the Code, including without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Mortgagor can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace), upon any place which the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Code). Mortgagee shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Mortgagor's right of redemption in satisfaction of Mortgagor's obligations, as provided in the Code. Mortgagee may render the Collateral unusable without removal and may dispose of the Collateral on the Mortgaged Property. Mortgagee may require Mortgagor to assemble the Collateral and make it available to Mortgagee for its possession at a place to be designated by Mortgagee which is reasonably convenient to both parties. Mortgagee will give Mortgagor at least fifteen (15) days notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified United States mail or equivalent, postage prepaid, to the address of Mortgagor hereinafter set forth at least fifteen (15) days before the time of the sale or disposition. One publication for such notice shall be sufficient, and the Mortgagee shall have the right to adjourn the sale at any time and reschedule the same without further notice, so long as Mortgagee mails a notice of such adjournment to Mortgagor prior to the adjournment date. Mortgagee may buy at any public sale. Mortgagee may buy at private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations. Any such sale may be held in conjunction with any foreclosure sale of the Mortgaged Property. If Mortgagee so elects, the Mortgaged Property and the Collateral may be sold as one lot. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking,

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holding, preparing for sale, selling and the reasonable attorney's fees and legal expenses incurred by Mortgagee, shall be applied against the Indebtedness relating to the Property Loan in such order or manner as Mortgagee shall select. Mortgagee will account to Mortgagor for any surplus realized on such disposition.

(g) The terms and provisions contained in this Section 5 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code.

(h) This Mortgage is intended to be a financing statement within the purview of Section 9-402(6) of the Code with respect to the Collateral and the goods described herein, which goods are or may become fixtures relating to the Mortgaged Property. The addresses of Mortgagor (Debtor) and Mortgagee (Secured Party) are hereinabove set forth. This Mortgage is to be filed for record with the Recorder of Deeds of the County where the Real Estate is located. Mortgagor is the record owner of the Real Estate.

Article 6

REPRESENTATIONS AND WARRANTIES

Mortgagor hereby represents and warrants to Mortgagee as of the date hereof that:

6.1 Organization, Authority, etc. Mortgagor and any other Affiliated Person, to the extent applicable: (i) is duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) has the right and authority to own its properties and to carry on its business as now being conducted; and (iii) is qualified to do business in every jurisdiction in which the nature of its business or properties makes such qualification necessary.

6.2 Environmental Matters. Based upon the Environmental Report (as defined in the Credit Agreement), Mortgagor represents and warrants that: (a) neither Mortgagor, nor to the Mortgagor's knowledge, has any other person or entity caused or permitted nor will Mortgagor cause or permit, any Contaminants (as hereinafter defined) to be generated, released, stored, disposed of, buried or deposited over, beneath, in or upon, the Mortgaged Property or any part thereof or from the Mortgaged Property into the atmosphere or any watercourse, body of water, ground water, wetlands or publicly or privately owned well or onto any other parcel of property; or which have been or will be used in the construction of Improvements of any nature whatsoever on the Mortgaged Property; or to the best of Mortgagor's knowledge, over, beneath, in or on adjacent parcels or parcels in the immediate vicinity of the Mortgaged Property; (b) Mortgagor has conducted or has caused to be conducted appropriate inquiry into the current and previous uses of the Mortgaged Property in a manner consistent with good commercial or customary practice for purposes of meeting the standards for an "Innocent Purchaser" under CERCLA (as hereinafter defined); (c) Mortgagor's operations and the Mortgaged Property are in compliance in all material respects with all Environmental Laws (as hereinafter defined); (d) no permits are held or required to be held nor are any registrations or notices required to be made with respect to the Mortgaged Property under any Environmental Laws; (e) none of the Mortgaged Property has ever been used (whether by Mortgagor or, to the Mortgagor's knowledge, by any other person) as a treatment, storage or disposal (whether permanent or temporary) site for any Contaminants; (f) with respect to the Illinois

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Responsible Property Transfer Act, Ill. Rev. Stat. Ch. 30, § 901 et seq. ("IRPTA"): (1) no disclosure document is required by IRPTA; (2) there are no underground storage tanks located on the Mortgaged Property; and (3) that the Mortgaged Property does not contain any facilities which are subject to reporting under Section 312 of the Federal Emergency Planning and Community Right to Know Act of 1986, and the federal regulations promulgated thereunder; (g) the Mortgagor has not received any notice of any violations of (and is not aware of any existing violations) of any Environmental Laws and, to the best of Mortgagor's knowledge, there have been no actions commenced or threatened by any party against Mortgagor or the Mortgaged Property for noncompliance with any Environmental Laws; and (h) to the Mortgagor's knowledge, no lien, encumbrance or preferential arrangement of any kind for any liabilities arising under any Environmental Laws has attached to, or been asserted against, all or any portion of the Mortgaged Property.

For purposes of this Mortgage:

(a) the term "Environmental Laws" means and includes, without limitation, any federal, state or local law, statute, regulation or ordinance and any order, judgment or decree of any court or administrative body now or hereafter enacted or issued, relating to any Contaminants or pertaining to health, industrial hygiene or the environmental or ecological conditions on, under or about the Property, including without limitation each of the following: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 6901, et seq.; the Toxic Substance Control Act, as amended, 15 U.S.C. § 2601 et seq.; the Illinois Environmental Protection Act, as amended ("IEPA"), Ill. Rev. Stat., 1987, ch. 111 1/2, para. 1001 et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.; the Federal Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the National Environmental Policy Act of 1975, as amended, 42 U.S.C. § 4321 et seq.; and the rules, regulations and ordinances of the U.S. Environmental Protection Agency and the County of Lake and of all other agencies, boards, commissions and other governmental bodies and officers having jurisdiction over the Mortgaged Property or the use or operation thereof.

(b) The term "Contaminants" means and includes, without limitation:

(i) Those substances included within the definitions of "hazardous substance," "hazardous waste," "toxic substance," "solid waste," "pollutant" or "contaminant" in any Environmental Laws; and

(ii) Any material, waste or substance which is any of the following: (A) asbestos or any material composed of or containing asbestos; (B) polychlorinated biphenyls; (C) petroleum or any petroleum based substance or waste or any constituent of any such substance, waste or product; (D) highly flammable or explosive; or (E) radioactive; and

(iii) Those other substances, materials and wastes which are or become regulated under any Environmental

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Laws, or which are or become classified as hazardous or toxic by any Environmental Laws.

6.3 Permits and Approvals. All permits, certificates, approvals and licenses required for or in connection with the ownership, use, occupancy or enjoyment of the Mortgaged Property, or in connection with the organization, existence and conduct of the business of Mortgagor have been duly and validly issued (or will be so issued before construction activity relating to the subject of such permits, certificates, approvals or licenses is commenced) and will be and remain in full force and effect after issuance.

6.4 Access. All streets, highways and waterways necessary for access to and full use, occupancy and operation of the Mortgaged Property have been completed and are open and available to the Mortgaged Property without further condition or cost to Mortgagor.

6.5 Taxes. Mortgagor has filed all federal, state, county and municipal income tax returns required to have been filed by it and has paid all taxes which have become due pursuant to such returns or pursuant to any assessments received by it, and Mortgagor does not know of any basis for additional assessment with respect to such taxes.

6.6 No Violation of Legal Requirements. Neither the contemplated use, occupancy or operation of the Mortgaged Property, nor the organization, existence and conduct of the business of Mortgagor, violates or will then violate, in any material respect, any Legal Requirements to which the Mortgagor may be bound or to which the Mortgaged Property may be subject. Mortgagor shall promptly notify Mortgagee, in writing, of its receipt of any notice of a violation of any Legal Requirements. Within thirty (30) days after receiving notice of any violation of any Legal Requirement, Mortgagor shall cure or cause to be cured any such violations. Mortgagor hereby agrees to indemnify and hold Mortgagee harmless from all loss, cost, damage, claim and expense incurred by Mortgagee on account of Mortgagor's failure to perform the obligations of this subparagraph. Notwithstanding anything to the contrary herein, Mortgagor shall have the right to contest by appropriate legal proceedings diligently pursued any violations of any Legal Requirements, provided that: Mortgagor notifies Mortgagee of any such contest; Mortgagor diligently prosecutes the contest by appropriate legal proceedings which have the effect of staying the foreclosure, forfeiture or imposition of penalties (including but not limited to injunctions) of or on the Mortgaged Property and shall permit Mortgagee to be represented in any such contest and shall pay all expenses incurred by Mortgagee in so doing (including reasonable attorneys' fees); and Mortgagor shall cure such contested violation, including paying all amounts connected with such cure, if and to the extent such contest shall be determined adverse to Mortgagor or if the Mortgaged Property is in danger of being forfeited, foreclosed or assessed with penalties as set forth above. In the event Mortgagor fails to so cure such contested violations, Mortgagee may, but shall not be required to, effect such cure as may be necessary in the judgment of Mortgagee to remove the violation, and any amount expended by Mortgagee in so doing shall be so much additional indebtedness secured hereby bearing interest at the Default Rate until paid, and payable upon demand.

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Article 7

COVENANTS

Until the entire Indebtedness shall have been paid and the Obligations performed in full, Mortgagor hereby unconditionally covenants and agrees as follows:

7.1 Payment and Performance. Mortgagor shall pay the Indebtedness, as and when all or any payment thereunder is due and shall perform or cause to be performed all of the Obligations in full on or before the dates the Obligations or any part thereof are required to be performed, and shall commit or suffer no act or event which (upon the giving of notice or the passage of time, or both) would constitute a default or Event of Default under the Legal Requirements or the Loan Documents.

7.2 Compliance with Laws. Mortgagor will promptly and faithfully comply in all material respects with all present and future laws, ordinances, rules, regulations and requirements, and all other Legal Requirements, including, without limitation, applicable zoning, building, land use, occupational health and safety, hazardous waste and substances, and environmental requirements, of every Governmental Authority and of every Board of Fire Underwriters having jurisdiction, or similar body exercising similar functions, which may be applicable to it or to the Mortgaged Property or any part thereof, or to the use, occupancy, possession, operation, maintenance, alteration, repair, reconstruction or disposition of the Mortgaged Property, or any part thereof or interest therein. Mortgagor shall immediately notify Mortgagee, orally and in writing, of its receipt of any notice of a violation of any Legal Requirements. Mortgagor shall pay to Mortgagee, upon demand, all losses, costs, damages, claims and expenses incurred by Mortgagee on account of Mortgagor's failure to perform the obligations of this paragraph.

7.3 Payment of Impositions; Tax Parcel Separation.

(a) Mortgagor will duly pay and discharge, or cause to be paid and discharged, the Impositions, such Impositions or installments thereof to be paid not later than the day any fine, penalty, interest or cost may be added thereto or imposed by law for the non-payment thereof. Mortgagor shall furnish proof to Mortgagee within ten (10) days after any due date that such Impositions have been paid. Notwithstanding anything to the contrary herein, Mortgagor shall have the right to contest by appropriate legal proceedings diligently prosecuted any Impositions, provided that: Mortgagor notifies Mortgagee of any such contest; Mortgagor deposits with Mortgagee the full amount of the contested Imposition, together with interest or penalties which might arise during the period of contest; (except that in lieu of such payment, Mortgagor may furnish to Mortgagee a bond or title indemnity in such amount and form, and issued by a bond or title insurance company, as may be satisfactory to Mortgagee); Mortgagor shall diligently prosecute the contest by appropriate legal proceedings which have the effect of staying the foreclosure or forfeiture of the Mortgaged Property and shall permit Mortgagee to be represented in any such contest and shall pay all expenses incurred by Mortgagee in so doing (including reasonable attorneys' fees); and Mortgagor shall pay such contested Imposition together with all interest and penalties thereon if and to the extent such contest shall be determined adverse to Mortgagor or if the Mortgaged Property is in danger of being forfeited or foreclosed. In the event Mortgagor fails to so pay such contested Imposition, Mortgagee may, but shall not be required to, make such payment as may be necessary in the

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judgment of Mortgagee to obtain the release and discharge of such liens, and any amount expended by Mortgagee in so doing shall be so much additional indebtedness secured hereby bearing interest at the Default Rate until paid, and payable upon demand.

(b) Mortgagor shall, if not already accomplished, obtain a separation of tax parcel identification numbers of the Real Estate from all other adjacent lands, and the same shall be promptly accomplished and evidenced in the appropriate public records. In any event, if such separation is not accomplished, and evidenced on the completed assessment role of the Cook County Assessor, Mortgagee may at its option, should Mortgagor fail to pay any Impositions levied or assessed on or against the Real Estate and the other property under the same tax parcel identification numbers as the Real Estate before they become delinquent, whether or not such other property is otherwise part of or subject to the terms and conditions of this Mortgage, pay the full amount of any such tax bill, including any applicable interest or penalties, and all such monies so advanced shall be additional Indebtedness of Mortgagor to Mortgagee secured by the lien of this Mortgage and shall bear interest at the Default Rate and be payable on demand.

7.4 Maintenance and Repair. Mortgagor shall (i) constantly maintain the Mortgaged Property in high quality and first-class condition and make all repairs and replacements thereof and additions and improvements thereto as are necessary or appropriate under sound management practices, or as Mortgagee shall require; and (ii) prevent any act or thing which might impair or diminish the value or usefulness of the Mortgaged Property or the Improvements.

7.5 Insurance Coverage. Mortgagor will insure the Mortgaged Property against such perils and hazards, and in such amounts and with such limits, as Mortgagee may from time to time reasonably require, and in any event will continuously maintain the following described policies of insurance (the "Insurance Policies"):

(a) All-Risk Casualty insurance against loss and damage by all risks of physical loss or damage, including fire, lightning, hail, windstorm, flood, and other risks covered by the so-called extended coverage endorsement and against loss or damage by malicious mischief, vandalism and sprinkler leakage in amounts not less than the full insurable replacement value of all Improvements, fixtures and equipment from time to time on the Mortgaged Property, but in any event in an amount sufficient to prevent mortgagor from becoming a co-insurer of any partial loss under the applicable insurance policies, which shall be written on a replacement cost basis and which shall contain an "agreed amount endorsement" and Mortgagor shall have the appraisal on which this agreed amount is based updated annually and a new "agreed amount endorsement" issued;

(b) Comprehensive public liability against death, bodily injury and property damage in an amount reasonably acceptable to Mortgagee;

(c) If the Department of Housing and Urban Development or other federal agency has designated the Mortgaged Property to be in a special flood hazard area and designated the community in which the Mortgaged Property is located eligible for sale of subsidized insurance, first and second layer flood insurance when and as available;

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(d) Explosion insurance in respect to any steam or pressurized vessel, boiler or other similar apparatus located in the Mortgaged Property in an amount reasonably acceptable to Mortgagee;

(e) Appropriate workers' compensation or other insurance against liability arising from claims of workers or other persons performing work or services in, on or about the Mortgaged Property; and

(f) All other types and amounts of coverage as are customarily maintained by reasonably prudent owners or operators of like properties.

Mortgagee may, at any time and in its reasonable discretion, procure and substitute for any and all of the policies of insurance required above, such other policies of insurance, in such amounts, and carried in such companies, as it may select, and in such event, those policies of insurance shall be included within the definition of "Insurance Policies" set forth herein; provided, however, that Mortgagee shall, in each instance, give Mortgagor written notice of its intent to so procure or substitute insurance coverage and shall allow Mortgagor thirty (30) days after the receipt of such notice for Mortgagor to so procure or substitute such insurance coverage on its own before Mortgagee exercises this right.

All Insurance Policies shall be in form, companies and amounts (including deductible amounts) reasonably satisfactory to Mortgagee. The insurance companies shall at least have a policyholder's rating of "A", a financial size rating of XII or such other rating acceptable to Mortgagee in the current edition of Best Insurance Reports and shall be licensed to do business in the State of Illinois. All Insurance Policies insuring against casualty, rent loss and business interruption and other appropriate policies shall include non-contributing mortgagee endorsements in favor of and with loss payable to Mortgagee, as well as standard waiver of subrogation endorsements, shall provide that the coverage shall not be terminated or materially modified without thirty (30) days' advance written notice to Mortgagee and shall provide that no claims shall be paid thereunder to any Person other than the Mortgagee without ten (10) days' advance written notice to Mortgagee. Mortgagor will deliver all insurance Policies premium prepaid, to Mortgagee and, in case of Insurance Policies about to expire, Mortgagor will deliver renewal or replacement certificates not less than thirty (30) days prior to the date of expiration and renewal or replacement policies as soon as practicable thereafter. The requirements of the preceding sentence shall apply to any separate policies of insurance taken out by Mortgagor concurrent in form or contributing in the event of loss with the Insurance Policies.

7.6 Adjustment of Casualty Losses with Insurer. Mortgagor hereby assigns to Mortgagee all proceeds from any insurance policies pertaining to the Mortgaged Property, and Mortgagee is hereby authorized and empowered, at its option, to make or file proofs of loss or damage and to adjust or compromise any loss, and to collect and receive the proceeds from any such policies; provided, however, Mortgagee shall not be held responsible for any failure to collect any insurance proceeds regardless of the cause of failure; and provided further, that Mortgagor may, upon notice to Mortgagee, elect to make or file proofs of loss or damage, adjust or compromise losses, and collect and receive proceeds if the reasonable estimated cost of the repair or restoration work is less than \$500,000.00.

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7.7 Application of Casualty Insurance Proceeds. In the event of any insured loss, Mortgagor shall give immediate written and oral notice thereof to Mortgagee and to the insurer. Mortgagee may require that the payment for such loss be paid directly to Mortgagee only and not jointly to Mortgagor and Mortgagee. If the reasonably estimated cost of the work is less than \$500,000.00, and Mortgagor elects (by written notice to Mortgagee) to repair or restore the Mortgaged Property, Mortgagee shall cause said proceeds to be applied to such restoration or repair, provided that the additional conditions below are satisfied. If the reasonably estimated cost of the work exceeds \$500,000.00, Mortgagee may, at its option, apply the proceeds to the reduction of the Indebtedness or may cause said proceeds to be applied to the restoration or repair of the Mortgaged Property, provided that the additional conditions below are satisfied.

In the event casualty insurance proceeds are to be applied to the restoration or repair of the Mortgaged Property, the following conditions must be satisfied as a contingency to any such application:

(a) The insurance proceeds must be sufficient to repair or restore the Mortgaged Property or Mortgagor must, before commencement of work, have deposited with Mortgagee funds which together with any insurance proceeds are sufficient in Mortgagee's sole discretion to repair or restore the Mortgaged Property;

(b) If the reasonably estimated cost of the work shall exceed \$50,000.00, the work shall be supervised by an architect or engineer approved by Mortgagee, and shall be in accordance with plans and specifications approved by Mortgagee.

(c) All such proceeds shall be held by Mortgagee in an interest bearing account, and shall be paid out from time to time to Mortgagor in accordance with the construction disbursement procedures and conditions of the Credit Agreement;

(d) Mortgagor shall make periodic requests for the disbursements of the insurance proceeds in accordance with the construction disbursement procedures and conditions of the Credit Agreement, which include but not by way of limitation, furnishing to Mortgagee such architect's or engineer's certificates, lien waivers, contractor's sworn statements and other evidences of cost and of payment as Mortgagee shall require;

(e) If any payment to be made prior to the final completion of the repairs or restoration would exceed ninety percent (90%) of the value of the work performed from time to time (unless the repairs or restoration are occasioned prior to the construction of the Mortgaged Property being completed and said repairs or restoration are performed pursuant to Mortgagor's existing construction contract, in which case the 90% figure shall be revised to 95% after fifty percent (50%) of the aggregate of the construction work is completed, if required to conform to the terms of said existing construction contract); Mortgagor shall be required to use its own funds for such costs prior to disbursement of any insurance proceeds;

(f) There shall be no Event of Default or event which, with the giving of notice or the passage of time or both could become an Event of Default hereunder or under any other Loan Documents; and

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(g) Mortgagor expeditiously proceeds to so repair or restore the Mortgaged Property.

If, upon completion of the work, any portion of the insurance proceeds has not been disbursed to Mortgagor (or one or more of the other aforesaid persons) incident thereto, Mortgagee shall apply such balance toward the payment of the Indebtedness as it relates to the Property Loan. In the event of an Event of Default hereunder, either prior to or after a request by Mortgagor to make such insurance proceeds available, or if Mortgagor fails to request the proceeds for repair and restoration or otherwise fails to meet any conditions set forth above for the application of such proceeds toward repair and restoration, then Mortgagee shall have the right and option to declare the entire balance of the Indebtedness as it relates to the Property Loan remaining unpaid to be immediately due and payable and shall have the right, at its option, to apply the whole or any part of such insurance proceeds toward the payment of any of the Indebtedness, in such order and manner as Mortgagee may elect.

7.8 Condemnation Proceeds. All Awards shall be paid to Mortgagee and the use of such proceeds for restoration or repair of the Mortgaged Property shall be determined and/or governed in the same manner and under the same terms and limitations as provided in paragraph 7.7. Mortgagor agrees that if the proceeds are to be applied toward restoration, Mortgagor shall expeditiously proceed to so repair or restore the Mortgaged Property. If such proceeds are applied in payment or reduction of the Indebtedness secured hereby as it relates to the Property Loan, whether due or not, and if the same are insufficient to pay such amount in full, Mortgagee shall have the right and option to declare the entire balance of the Indebtedness remaining unpaid to be immediately due and payable. Mortgagee shall be entitled to all Awards, and is hereby authorized, at its option, to commence, appear in and prosecute, in its own name or in Mortgagor's name, any such proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. Mortgagor hereby assigns and transfers to Mortgagee all Awards up to the amount of the Indebtedness as it relates to the Property Loan and the claims, rights and proceedings in connection therewith. Mortgagor agrees to execute such further assignments of all Awards and claims, rights and proceedings in connection therewith as Mortgagee may request. Mortgagee shall not be held responsible for any failure to collect any amount in connection with any such proceeding regardless of the cause of failure.

7.9 Performance of Agreements. Mortgagor will duly and punctually perform all covenants and agreements under any agreements to which it is respectively a party with respect to the Mortgaged Property or any part thereof.

7.10 Inspection. Mortgagor will cooperate with Mortgagee as provided in the Credit Agreement in arranging for inspections from time to time of the Mortgaged Property by Mortgagee or its representatives.

7.11 Hold Harmless. Mortgagor will defend and hold Mortgagee harmless from any action, proceeding or claims affecting the Mortgaged Property, or the Loan Documents except such actions, proceedings or claims resulting from the gross negligence or wilful misconduct of Mortgagee, its employees, officers or agents.

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7.12 Books and Records. Mortgagor will maintain full and complete books and records reflecting the results of its operations (in conjunction with its other operations as well as its operations of the Mortgaged Property) in accordance with generally accepted accounting principles, and all such books and records shall be subject to inspection by the Mortgagee and its representatives.

7.13 Deposits For Impositions. Upon the demand of Mortgagee, and in addition to, the payments of principal and interest payable under the terms of the Notes, Mortgagor shall pay to Mortgagee each month, until all the Indebtedness secured hereby is fully paid, an amount equal to one-twelfth (1/12) of Mortgagee's estimate of the next annual Impositions. Mortgagor shall also pay to Mortgagee such additional amounts, to be determined by Mortgagee from time to time, as will provide a sufficient fund at least thirty (30) days' prior to the due dates of the next installment of such Impositions for payment of such Imposition. Amounts held hereunder by Mortgagee shall not bear interest and may be commingled with Mortgagee's other funds. Notwithstanding the foregoing, Mortgagor shall not be obligated to pay to Mortgagee the monthly installments related to Impositions until an Event of Default (defined below) shall have occurred.

Upon an Event of Default, Mortgagee may, at its option, without being required so to do, apply any deposits on hand to the Impositions or to any of the Indebtedness as it relates to the Property Loan, in such order and manner as Mortgagee may elect. All deposits are hereby pledged as additional security for the Indebtedness as it relates to the Property Loan and performance of the Obligations, and shall be held by Mortgagee irrevocably to be applied for the purposes for which made as herein provided and shall not be subject to the direction or control of Mortgagor.

7.14 Lien Status. Mortgagor shall protect the lien and security interest of this Mortgage and the Loan Documents and shall not place, or permit to be placed, or otherwise mortgage, pledge, hypothecate or encumber the Mortgaged Property with any other lien, attachment, levy, or security interest of any nature whatsoever (whether mechanics, judgment, tax, statutory, contractual or other) regardless of whether the same is allegedly or expressly subordinate and inferior to the liens and security interest created by this Mortgage and the Loan Documents, except for the Permitted Exceptions, and if any such lien or security interest is asserted against the Mortgaged Property, Mortgagor shall promptly, and at its own cost and expense, pay the underlying claim in full, or appear in an defend any action or claim, or take such other action so as to cause the same to be released within thirty (30) days of when asserted, made or filed. Notwithstanding the foregoing, the provisions of paragraph 7.3(a) above relating to contests shall be applicable to contests of liens described in this paragraph.

7.15 Restrictions on Transfer and Financing. Mortgagor shall not sell, transfer, exchange, convey, assign, mortgage, pledge, hypothecate, make the subject of any security interest, or otherwise dispose of the Mortgaged Property, any portion thereof or any legal or equitable interest therein, whether or not subordinate to the loan contemplated by this Mortgage or the Loan Documents. The ownership interests in Mortgagor or any Affiliated Person may not be sold, transferred, exchanged, conveyed, assigned, mortgaged, pledged, hypothecated, made the subject of any security interest, or otherwise disposed of; except that (a) the shares of Mortgagor's general partner, H20

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Plus, Inc., may be sold, transferred, exchanged, conveyed, assigned, mortgaged, pledged, hypothecated, subjected to security interest or disposed of to the extent of not more than forty-nine percent (49%) of such shares in the aggregate (i.e. counting all such sales, transfers, etc.), and further provided that H2O Plus, Inc. remains Mortgagor's general partner at all times; and (b) the limited partnership ownership interests in Mortgagor shall not be subject to this prohibition. A sale shall be deemed to include any installment sale.

Any such sale, transfer, assignment, conveyance, lease, lien, pledge, mortgage, hypothecation or any other encumbrance or alienation or contract or agreement to do any of the foregoing shall be null and void and of no force or effect, but the attempted making thereof shall, at the option of Mortgagee, constitute an Event of Default hereunder. Any consent by Mortgagee, or any waiver of an Event of Default under this paragraph 7.15, shall not constitute a consent to or waiver of any right, remedy, or power of Mortgagee upon a subsequent Event of Default under this paragraph 7.15.

7.16 Existence. Mortgagor will preserve and keep in full force and effect its partnership or trust existence.

7.17 Use Restrictions. Mortgagor shall not use, maintain, operate or occupy or allow the use, maintenance, operation or occupancy of, the Mortgaged Property in any manner which would: (i) be dangerous unless safeguarded as required by law; (ii) constitute a public or private nuisance; (iii) make void, voidable or cancelable, or increase the premium of, any insurance then in force with respect thereto; or (iv) alter the currently allowed use and occupancy of the Mortgaged Property.

7.18 Replacement of Fixtures and Personalty. Mortgagor shall not, without the prior written consent of Mortgagee, permit any of the Fixtures to be removed at any time from the Real Estate.

Article 4

CONSTRUCTION MORTGAGE AND CONSTRUCTION COVENANTS

8.1 Construction Mortgage. This Mortgage secures an obligation incurred for the construction of Improvements on the Real Estate, including the acquisition cost of the Real Estate, and constitutes a "Construction Mortgage" within the meaning of Section 9-313(1)(c) of the Code. The Note which is secured by this Mortgage evidences a debt created by one or more disbursements made by Mortgagee to Mortgagor for the purpose of financing a portion of the costs in connection with the construction of Improvements on the Real Estate. All funds advanced pursuant to the Credit Agreement relating to the Property Loan shall constitute part of the Indebtedness relating to the Property Loan, whether or not the total amount thereof may exceed the aggregate face amount of the Note, and shall be secured by this Mortgage. Mortgagor hereby covenants and agrees to perform or cause to be performed and fulfilled, all the terms, covenants and conditions of the Credit Agreement or any other Loan Document, and the occurrence of any default or Event of Default under the Credit Agreement or any other Loan Document shall constitute an Event of Default under this Mortgage. The Credit Agreement and Loan Documents are hereby incorporated herein by this reference as fully and with the same effect as if set forth herein at length. In the event of express and direct contradiction between any of the provisions of the Credit Agreement and any of the provisions contained herein, the provisions contained in the Credit Agreement shall control. Any warranties, representations and agreements made in the Credit Agreement by Mortgagor or any other Loan Documents shall survive the execution and recording of this Mortgage and shall not merge herein.

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8.2 Construction Covenants. Mortgagor will, for the benefit of Mortgagee, fully and promptly perform each obligation and satisfy each condition imposed on it under any contract for construction, subcontracts, or other agreement, if any such agreements exist or are hereafter entered into with respect to all or any portion of the Mortgaged Property, so that there will be no default thereunder and so that the persons obligated thereon shall be and remain at all times obligated to perform for the benefit of Mortgagee; and Mortgagor will not permit to exist any condition, event or fact which could allow or serve as a basis or justification for any such person to avoid such performance. Mortgagee may, in its sole discretion at any time after the occurrence of an Event of Default, notify any person obligated to Mortgagor under or with respect to any contract for construction, subcontract or other agreement of the existence of an Event of Default, require that performance be made directly to Mortgagee at the Mortgagor's expense, and advance such sums as are necessary or appropriate to satisfy Mortgagor's obligations thereunder. Mortgagor agrees to cooperate with Mortgagee in all ways reasonably requested by Mortgagee (including the giving of any notices requested by, or joining in any notices given by, Mortgagee) to accomplish the foregoing.

8.3 Hold Harmless. Notwithstanding anything contained herein, Mortgagee shall not be obligated to perform or discharge, and does not hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor, whether hereunder, under any contract for construction, subcontract or otherwise, and Mortgagor shall and does hereby agree to indemnify against and hold Mortgagee harmless of and from: any and all liability, loss or damage which Mortgagee may incur under or with respect to any of the contracts for construction, subcontracts, or other agreements or under or by reason of its exercise of rights hereunder, and any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any of the contracts, documents or instruments evidencing or creating any improvements to the Mortgaged Property, other than those arising out of or related to the gross negligence or willful misconduct of Mortgagee.

Article 9

EVENTS OF DEFAULT

The term "Event of Default" shall mean the occurrence or happening, at any time and from time to time, or any one or more of the following, without notice to Mortgagor and without any grace period unless otherwise expressly set forth herein.

9.1 Payment of Indebtedness. If Mortgagor shall default in the due and punctual payment of all or any portion of any installment of principal or interest on the Indebtedness as and when the same shall become due and payable, or within five (5) business days thereafter. Any payment of principal not paid as and when the same becomes due and payable shall bear interest after such date at the Default Rate.

9.2 Performance of Obligations. If Mortgagor shall default in the due observance or performance of any of the Obligations as and when required, after the expiration of any applicable cure period expressly made applicable thereto.

9.3 Credit Agreement. If an "event of default" (as that term is defined in the Credit Agreement) occurs under the Credit Agreement.

9.4 Laws Affecting Obligations and Indebtedness. If subsequent to the date of this Mortgage, any law is passed (a)

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which renders payment of the Indebtedness and/or performance of the Obligations by Mortgagor or any Affiliated Person unlawful or (b) which prohibits Mortgagee from exercising any of its rights and remedies hereunder.

9.5 Foreclosure of Other Liens. If the holder of a junior or senior mortgage or other lien on the Mortgaged Property (without hereby implying Mortgagee's consent to any such junior or senior mortgage or other lien) declares a default or institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

9.6 Damage or Destruction. If the Mortgaged Property or any material part thereof is demolished, destroyed or damaged by any cause whatsoever and the loss is not adequately covered by insurance actually collected and Mortgagor fails to deposit with Mortgagee the deficiency within sixty (60) days after Mortgagee's written request therefor.

9.7 Tax on Indebtedness or Mortgage. If any law is passed: (a) which would impose upon Mortgagee the obligation to pay the whole or any part of the Impositions; or (b) which would change in any way the laws relating to the taxation of mortgages, deeds of trust or debts so as to affect this Mortgage or the Indebtedness; provided, however, that if in the opinion of Mortgagee's counsel it shall be lawful for Mortgagor to pay such Impositions or to reimburse Mortgagee thereof, then no Event of Default shall be deemed to have occurred if a mutually satisfactory reimbursement agreement is executed by Mortgagor and delivered to Mortgagee and such Impositions or reimbursements are thereafter paid by Mortgagor.

9.8 False Representation. If any representation or warranty made by Mortgagor or any other Affiliated Person or others in, under or pursuant to the Loan Documents shall be false in any material respect when made, or if any material inaccuracy shall exist in any of the financial statements, operating information or other information furnished to Mortgagee in connection with the Loan Documents.

9.9 Failure to Notify Mortgagee of Default or False Representation. If Mortgagor or any other Affiliated Person shall fail to notify Mortgagee in writing as soon as it shall be practicable to do so upon learning that any representation or warranty made by Mortgagor or by any other Affiliated Person to Mortgagee was false in any material respect, or upon learning of the occurrence of any event which with the passage of time or the giving of notice or both would constitute an Event of Default under the Loan Documents.

9.10 Failure to Obtain Mortgagee's Consent to Transfer or Financing. If Mortgagor shall make any unpermitted transfer or financing in violation of Paragraph 7.15. above.

9.11 Levy or Attachment. Subject to Paragraphs 6.6 and 7.3 above relating to contests, if any writ, attachment, levy, citation, lien or distress warrant shall be issued against the Mortgaged Property or any part thereof or interest therein.

9.12 Construction. Construction of the Project (as defined in the Construction Loan Agreement) shall be abandoned or delayed for more than 20 days (subject to delays in construction caused by fire, strikes or acts of God, or other matters beyond the control of Mortgagor, provided that Mortgagor is diligently working toward avoiding further delay or repairing such damage and provided further such delay does not exceed forty (40) days from the date of the occurrence of such event), or the Project shall be damaged by fire or other casualty and not be repaired by the Completion Date.

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9.13 Inability to Pay Impositions and Other Debts. If Mortgagor shall fail to pay any of the Impositions when due, or if Mortgagor or any Affiliated Person shall generally fail or be unable to pay their debts as they come due, or shall admit in writing its inability to pay their debts as they become due, or shall make a general assignment for the benefit of creditors.

9.14 Default Under Leases. If Mortgagor shall default in the performance of any obligations required of it under the Leases.

9.15 Failure to Obtain or Maintain Permits and Licenses. The failure of Mortgagor to obtain or maintain any permits or licenses which are necessary and required for the ownership, use, occupancy or operation of the Mortgaged Property, or the cancellation or any attempted assignment thereof, without the prior written consent of Mortgagee.

Article 10

ACCELERATION AND FORECLOSURE

10.1 Remedies. If an Event of Default shall occur, Mortgagee may, at its option, exercise one or more or all of the following remedies either successively or concurrently:

(a) Declare the unpaid portion of the Indebtedness to be immediately due and payable, with interest thereon accruing at the Default Rate, without further notice or demand (each of which hereby is expressly waived by Mortgagor), whereupon the Indebtedness shall become immediately due and payable.

(b) Apply at any time to a court having jurisdiction for the appointment of a receiver of the Mortgaged Property; and such appointment shall be made by the court as a matter of strict right to Mortgagee and without reference to the adequacy or inadequacy of the security or value of the Mortgaged Property, or to the solvency or insolvency of Mortgagor, and Mortgagor does hereby irrevocably consent to such appointment.

(c) Enter upon the Mortgaged Property, without force or with such force as is permitted by law, and without notice or process or with such notice or process as is required by law, unless such notice or process is waivable, in which case Mortgagor hereby waives such notice and process, and take exclusive possession thereof and of all books, records and accounts relating thereto.

(d) Pursuant to the procedures provided by applicable law, institute and prosecute foreclosure proceedings with respect to the Mortgaged Property; or, if Mortgagee so elects, institute foreclosure procedures only with respect to a portion of the Indebtedness or to a portion of the Mortgaged Property (such partial proceedings being hereinafter referred to as a partial foreclosure). Mortgagor agrees that a sale pursuant to a partial foreclosure, if so made, shall not in any manner affect the remainder of the secured Indebtedness, but as to such remainder this Mortgage and the lien thereof shall remain in full force and effect just as though no foreclosure sale had been made under the provisions of this paragraph. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Mortgagee may elect, at any time prior to a foreclosure sale pursuant to such decree, to discontinue such partial foreclosure and to accelerate the entire secured Indebtedness by reason of any Event of Default upon which such partial foreclosure was predicated or by reason of any other Event of Default, and proceed with full foreclosure proceedings. It is further agreed that several foreclosure sales may be made

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pursuant to partial foreclosures without exhausting the right of full or partial foreclosure sale for any remainder of the secured Indebtedness, it being the purpose hereof to provide for a partial foreclosure sale of the secured Indebtedness without exhausting the power to foreclose and to sell the Mortgaged Property pursuant to any such partial foreclosure for any other part of the secured Indebtedness whether matured at the time or subsequently maturing, and without exhausting any right of acceleration and full foreclosure.

(e) Exercise any other remedy specifically granted under the Loan Documents now or hereafter existing in equity, at law, by virtue to statute or otherwise.

10.2 Right and Authority of Receiver or Mortgagee in the Event of Defaults, Power of Attorney. Upon the occurrence of an Event of Default hereunder and entry upon the Mortgaged Property pursuant to paragraph 10.1(c) above, or appointment of a receiver pursuant to paragraph 10.1(b) above, and under such terms and conditions as may be deemed prudent and reasonable, in Mortgagee's or the receiver's opinion under the circumstances, all at Mortgagor's expense, Mortgagee or said receiver, as the case may be, may do or permit any one or more of the following, successively or concurrently: (a) enter upon and take possession and control of the Mortgaged Property; (b) take and maintain possession of all documents, books, records, papers and accounts related to the Mortgaged Property; (c) exclude Mortgagor, its agents and employees wholly from the Mortgaged Property; (d) manage and operate the Mortgaged Property; (e) preserve and maintain the Mortgaged Property; (f) make repairs and alterations to the Mortgaged Property; (g) complete any construction or repair of the improvements on the Mortgaged Property with such changes, additions or modifications to the plans and specifications or intended disposition and use of the improvements under construction on the Mortgaged Property as Mortgagee may deem appropriate or desirable to place the Mortgaged Property in such condition as will, in Mortgagee's sole judgment, make it or any part thereof readily marketable or rentable; (h) conduct a marketing or leasing program with respect to the Mortgaged Property, or employ a marketing or leasing agent or agents to do so, directed to the lease or sale of the Mortgaged Property, under such other terms and conditions as Mortgagee may in its sole discretion deem appropriate or desirable; (i) employ such contractors, subcontractors, materialmen, architects, engineers, consultants, managers, brokers, marketing agents or other employees, agents, independent contractors or professionals, as Mortgagee may in its sole discretion deem appropriate or desirable, to implement and effectuate the rights and powers herein granted; (j) execute and deliver, in the name of Mortgagor as attorney-in-fact and agent of Mortgagor, or in its own name as Mortgagee or receiver, such documents and instruments as are necessary or appropriate to consummate authorized transactions; (k) enter such leases, whether of real or personal property, or tenancy agreements, under such terms and conditions as Mortgagee or receiver may in its sole discretion deem appropriate or desirable; (l) collect and receive the Rents from the Mortgaged Property; (m) eject tenants or repossess personal property, as provided by law, for breaches of the conditions of their leases or other agreements; (n) sue for unpaid rents, payments, income or proceeds in the name of Mortgagor or Mortgagee; (o) maintain actions in forcible entry and detainer and actions in distress for rent; (p) compromise or give acquittance for rents, payments, income or proceeds that may become due; (q) delegate or assign any and all rights and powers given to Mortgagee by this Mortgage; and/or (r) do any acts which Mortgagee or the receiver in its discretion deems appropriate or desirable to protect the security hereof and/or use such measures, legal or equitable, as it may in its discretion deem appropriate or desirable, to implement and effectuate the provisions of this Mortgage. This Mortgage shall

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constitute a direction to and full authority to any lessee or other third party who has heretofore dealt or may hereafter deal with Mortgagor or Mortgagee, at the request of Mortgagee, to pay all amounts owing under any lease or other agreement to Mortgagee without proof of the default relied upon. Any such lessee or third party is hereby irrevocably authorized to rely upon and comply with (and shall be fully protected by Mortgagor in so doing) any request, notice or demand by Mortgagee for the payment to Mortgagee of any Rents or other sums which may be or thereafter become due under its lease or other agreement, or for the performance of any undertakings under any such lease or other agreement, and shall have no right or duty to inquire as to whether any Event of Default under this Mortgage or any of the other Loan Documents has actually occurred or is then existing, and Mortgagor hereby constitutes and appoints Mortgagee, its assignees, successors, transferees and nominees, as Mortgagor's true and lawful attorney in fact and agent, with full power of substitution in the Mortgaged Property, in Mortgagor's name and stead, to do or permit any or more of the foregoing described rights, remedies, powers and authorities, successively and concurrently, and said power of attorney shall be deemed a power coupled with an interest and irrevocable.

10.3 Remedies Cumulative and Concurrent. The rights and remedies of Mortgagee as provided herein and in the Loan Documents shall be cumulative and concurrent and may be pursued separately, successively or together against Mortgagor or against other obligors or against the Mortgaged Property, or any one or more of them, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

10.4 Waiver of Redemption, Notice, Marshalling, etc. To the full extent permitted by law, Mortgagor hereby waives any and all rights of redemption under the Illinois Mortgage Foreclosure Act, Ill. Rev. Stat., ch. 110, para. 15-101, et seq., on its own behalf and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property or any portion thereof. Mortgagor further agrees, to the full extent permitted by law, that if a default occurs hereunder, neither Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any homestead exemption, appraisement, valuation, stay, extension, moratorium or other laws now or hereafter in force in order to prevent or hinder enforcement or foreclosure of this Mortgage, or absolute sale of the property hereby conveyed, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and Mortgagor, for itself and all who may at any time claim through or under it, hereby waives and releases to the full extent that it may lawfully so do the benefit of such laws and any and all rights to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof.

10.5 Application of Proceeds. The proceeds of any sale or all or any portion of the Mortgaged Property and the amounts generated by any receivership, holding, leasing, operation or other use of the Mortgaged Property shall be applied by Mortgagee in such order as Mortgagee may at its option elect, for the following purposes:

(a) to the payment of all of the costs and expenses of taking possession of the Mortgaged Property and of holding, using, leasing, repairing, improving and selling the same, including, without limitation, payment of reasonable attorneys fees and fees of receiver;

(b) to the payment of accrued and unpaid interest due on the Note in such order as Mortgagee may elect; and

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(c) to the payment of the balance of the Indebtedness related to the Property Loan, with any surplus remaining thereafter to be paid to Mortgagor or such other persons or entities as are entitled thereto.

10.6 No Conditions Precedent to Exercise of Remedies: Mortgagor shall not be relieved of any Obligation by reason of: (a) the release, regardless of consideration, of the Mortgaged Property or any portion thereof, or the addition of any other property to the Mortgaged Property; (b) any agreement or stipulation extending, renewing, rearranging or in any other way modifying the terms of the Loan Documents without first having obtained the consent of, given notice to or paid any consideration to Mortgagor and in such event Mortgagor shall continue to be obligated to make payment according to the terms of any such extension or modification agreement unless expressly released and discharged in writing by Mortgagee; or (c) by any other act or occurrence save and except the complete payment of the Indebtedness and the complete fulfillment of all of the Obligations.

10.7 Indemnity. Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor, and to the extent provided by law and except for Mortgagee's willful misconduct or gross negligence, Mortgagor shall and does hereby agree to protect, indemnify, defend and hold Mortgagee harmless of and from any and all liability, loss, cost, expense or damage which it may or might incur in the exercise of its rights, remedies, powers and authority hereunder, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations, undertakings or liabilities. Should Mortgagee incur any such liability, loss, cost or damage of or in the defense of any claims or demands relating to the Property Loan, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby, and Mortgagor shall reimburse Mortgagee therefor immediately upon demand, with interest accruing at the Default Rate.

10.8 Discontinuance of Proceedings. In case Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon the same for any reason, Mortgagee shall have the unqualified right so to do and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if the same had never been invoked.

Article 11

MISCELLANEOUS

11.1 Future Advances. This Mortgage is given to secure payment of the Indebtedness in accordance with the Note, regardless of whether the entire amount of any loan proceeds shall have been advanced to Mortgagor at the date hereof, or at a later date, and to secure the payment and performance of all other Obligations relating to the Property Loan under the Loan Documents, and any other amount or amounts that may be added to the Indebtedness under the terms of the Loan Documents or this Mortgage; provided, however, the total unpaid principal amount of Indebtedness and Obligation so secured at any one time, plus interest thereon, plus any disbursements made for the payment of taxes, levies, insurance or other liens, charges or encumbrances on the Mortgaged Property, plus interest on such disbursements at the Default Rate, shall not exceed Five Hundred Percent (500%) of

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the aggregate face amount of the Note. All such advances are intended by the parties hereto to be a lien on the Mortgaged Property from the date of recordation of this Mortgage.

11.2 Obligatory Advances. It is specifically understood and agreed that all funds which are advanced by Mortgagee and employed in the performance of the obligations of Mortgagor under this Mortgage or the Loan Documents in the exercise of Mortgagee's judgment, including but not limited to, any and all advances necessary to complete construction of Improvements, are necessary to protect Mortgagee's security and shall, because of economic necessity and compulsion, be deemed advanced by Mortgagee under an obligation to do so regardless of the identity of the person or persons to whom such funds are furnished and shall be added to the Indebtedness and shall be equally secured by this Mortgage and shall have the same priority as all amounts, if any, advanced as of the date of recordation of this Mortgage.

11.3 Further Assurances. Mortgagor, upon the reasonable request of Mortgagee, will execute, acknowledge and deliver such further instruments (including, without limitation, a declaration of no set-off) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of the Loan Documents.

11.4 Recording and Filing. Mortgagor will cause the appropriate Loan Documents and all supplements thereto at all times to be recorded and filed in such manner and in such places as Mortgagee shall request, and will pay any recording and filing taxes, fees and other charges.

11.5 Notice. All notices, demands, requests and other communications required under the Loan Documents shall be in writing and shall be deemed to have been properly given if delivered by messenger or if sent by U.S. first class mail, postage prepaid, addressed to the party for whom it is intended at Mortgagor's Address or Mortgagee's Address, as the case may be, and if to Mortgagor, with a courtesy copy to Rosenthal and Schanfield, 55 West Monroe Street, 46th Floor, Chicago, Illinois 60603, Attention: I. Walter Deitch, Esq., and if to Mortgagee, with a courtesy copy to Lord, Bissell & Brook, 115 South LaSalle Street, Suite 3400, Chicago, Illinois 60601, Attention: Michael Schuette, Esq. Notice will have been given upon delivery if delivered by messenger or three (3) days after the date of mailing if mailed. Any party may designate a change of address by written notice to the other.

11.6 Mortgagee's Right to Perform the Obligations. If Mortgagor fails to make any payment or perform any act required by the Loan Documents or the Legal Requirements, Mortgagee, without any obligation so to do and without waiving any other right, remedy or recourse, may make such payment or perform such act at the expense of Mortgagor. All sums so paid by Mortgagee and all costs incurred in connection therewith, together with interest thereon at the Default Rate from the date of payment, shall constitute part of the Indebtedness secured by this Mortgage and the Loan Documents and shall be paid by Mortgagor to Mortgagee on demand or shall be included in any judgment of foreclosure.

11.7 No Obligations. Mortgagee shall not have responsibility for the control, care, management or repair of the Mortgaged Property or be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Mortgaged Property resulting in loss or injury or death to any tenant, licensee, employee, stranger or other person, except for Mortgagee's gross negligence or willful misconduct. No liability shall be enforced or asserted against Mortgagee in its exercise of the powers herein granted to it, and the Mortgagor expressly waives and releases any such liability.

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11.8 Modification. The Loan Documents and the terms of each of them may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing signed by the parties to the Loan Document being so modified, including Mortgagee, even if Mortgagee has not executed such Loan Document. If the payment of the Indebtedness, or any part thereof, be extended or varied, or if any part of the security or guaranties therefor be released, all persons now or at any time hereafter liable therefor, or interested in the Mortgaged Property, shall be held to assent to such extension, variation or release, and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such persons being expressly reserved by Mortgagee, notwithstanding any such extension, variation or release. Any person, firm or corporation taking a junior mortgage, or other lien upon the Mortgaged Property or any part thereof or any interest therein (again, without this being construed as Mortgagee's consent to any such mortgage or lien), shall take the said lien subject to the rights of Mortgagee to amend (including, without limitation, changing the rate of interest or manner of computation thereof), modify, extend or release the Note, this Mortgage, or any other document or instrument evidencing, securing or guarantying the Indebtedness, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien.

11.9 No Waiver. All options and rights of election herein provided for the benefit of Mortgagee are continuing, and the failure to exercise any such option or right of election upon a particular default or breach or upon any subsequent default or breach shall not be construed as waiving the right to exercise such option or election at any later date. No exercise of the rights and powers herein granted and no delay or omissions in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.

11.10 Subrogation. If any portion of the Indebtedness is utilized to pay off, discharge, or satisfy any existing lien against the Mortgaged Property, in whole or in part, Mortgagee shall be subrogated to any and all rights of the holder thereof in and to any such lien, whether or not it is assigned to Mortgagee, and Mortgagee shall have the benefit of the priority of the same.

11.11 Mortgagee's Cost and Expenses. Mortgagor further expressly covenants and agrees to pay Mortgagee all costs and expenses of every kind paid or incurred by Mortgagee in any way in connection with the Note, this Mortgage or other Loan Documents or any modifications, restatements or amendments thereof, and the protection of the Mortgaged Property or the maintenance of the lien of this Mortgage, and the security interests under the other Loan Documents or otherwise in connection with the determination and exercise by Mortgagee of any of its rights or remedies under the Loan Documents or any modifications, restatements or amendments thereof, upon the occurrence of any event which, with the passage of time or the giving of notice or both, could constitute a default or an event of default hereunder, including any and all expenditures for documentary evidence, environmental audits, title insurance, minutes of foreclosure, or any abstract or opinion of title to the Mortgaged Property, and all similar fees, costs, charge and expenses, and including all reasonable attorneys fees and stenographer's fees, paid or incurred by Mortgagee in any suit or legal proceeding, or in preparation or in anticipation of declaring a default or event of default, or in preparation or in anticipation of such suit or proceeding, regardless of whether such suit or proceeding is actually instituted, including, without limitation, any bankruptcy or insolvency proceeding,

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probate proceeding, or other proceeding in which Mortgagee may in its discretion intervene in order to protect its security or appeal from any of the foregoing, or otherwise paid or incurred by Mortgagee in obtaining legal advice regarding its rights and remedies under the Loan Documents or any modifications, restatements or amendments thereof, or in determining whether to declare a default or event of default hereunder. All such fees, costs, charges and expenses shall constitute so much additional indebtedness evidenced by the Note and secured by this Mortgage, regardless of whether the same may cause the Indebtedness secured hereby to exceed the face amount of the Note, and shall be immediately due and payable when incurred, with interest accruing thereon at the Default Rate, and shall be allowed in any decree of foreclosure hereof. No proceeding to foreclose this Mortgage, whether a decree of foreclosure shall have been entered therein or not, shall be dismissed, nor shall a release of this Mortgage be given until all such expenses, charges and costs of Mortgagee shall have been paid in full.

11.12 Usury. It is expressly stipulated and agreed to be the intent of Mortgagor and Mortgagee to at all times comply with applicable law now or hereafter governing the interest payable on the Note and construction loan secured hereby. If the applicable law is ever revised, repealed, or judicially interpreted so as to render usurious any amount called for under the Note (or under any other instrument evidenced or relating to any of the secured indebtedness), or contracted for, charged, taken, reserved or received with respect to the construction loan secured hereby, or if Mortgagee's acceleration of the Note or any prepayment by Mortgagor results in Mortgagor having paid any interest in excess of that permitted by law, then it is Mortgagor's and Mortgagee's express intent that all excess amounts theretofore collected by Mortgagee be credited on the principal balance of the Note (or, if the Note has been paid in full, refunded to Mortgagor), and the provisions of the Note and this Mortgage and other Loan Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the then applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder.

11.13 Successors and Assigns; Covenants Running with the Land. The terms, provisions, covenants and conditions hereof and of the Loan Documents shall be binding upon Mortgagor and any Affiliated Person, their respective heirs, devisees, representatives, successors and assigns, and shall inure to the benefit of Mortgagee and its respective successors, substitutes and assigns, and shall constitute covenants running with the land.

11.14 Conflict of Terms. The terms, provisions, covenants and conditions of the Mortgage shall be construed in such a manner as to be consistent with the terms and any other instruments executed in connection with or as security for the Indebtedness and Obligations secured hereby; provided, however, in the event of a conflict between the terms of this Mortgage and the terms of the other Loan Documents, the terms of the Credit Agreement shall control.

11.15 Applicable Law. The rights and obligations of the parties hereto shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to its conflict of law rules, except to the extent that Federal law must pre-empt the applicability of state usury or other laws.

11.16 Business Loan. Mortgagor acknowledges and agrees (a) that the Note, this Mortgage, and the other Loan Documents have been negotiated, executed and delivered in the State of Illinois; (b) that the proceeds of the loan secured hereby will be used for

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a "business purpose" as specified in Section 4(1)(a) and Section 4(1)(c) of Paragraph 6404, ch. 17 of the Illinois Revised Statutes; and (c) that the Indebtedness and Obligations secured hereby constitute an exempt transaction under the Truth-In-Lending Act, 15 U.S.C. §§1601, et seq.

11.17 No Joint Venture; No Third Party Beneficiary. Mortgagor acknowledges and agrees that in no event shall Mortgagee be deemed to be a partner or joint venturer with it. Without limitation of the foregoing, Mortgagee shall not be deemed to be such a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document securing any portion of the Indebtedness or otherwise. No other person shall be deemed to have any right or priority under this Mortgage to any extent or for any purpose whatsoever, nor shall any other person have any claim or right of action with respect to the Mortgaged Property or proceeds of the Indebtedness or be deemed a third party beneficiary under this Mortgage or under the Loan Documents.

11.18 Severability. The Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable Legal Requirements. If any provision of any of the Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable neither the remainder of the instrument in which such provision is contained, nor the application of such provision to other persons or circumstances nor the other instruments referred to herein shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

11.19 Consent of Mortgagee. Any consent by Mortgagee in any single instance shall not be deemed or construed to be Mortgagee's consent in any like matter arising at a subsequent date, and the failure of Mortgagee to promptly exercise any right, power, remedy, consent or approval provided herein or at law or in equity shall not constitute or be construed as a waiver of the same, nor shall Mortgagee be estopped from exercising such right, power, remedy, consent or approval at a later date. Any consent or approval requested of and granted by Mortgagee pursuant hereto shall be narrowly construed to be applicable only to Mortgagor and the matter identified in such consent or approval (and no third party shall claim any benefit by reason thereof), and shall not be deemed to constitute Mortgagee a venturer or partner with Mortgagor whatsoever, nor shall privity of contract be presumed to have been established with any such third party. If Mortgagee deems it to be in its best interest to retain the assistance of persons, firms or corporations (including, but not limited to, attorneys, appraisers, engineers and surveyors) with respect to a request for consent or approval, Mortgagor shall reimburse Mortgagee for all costs incurred in connection with the employment of such persons, firms or corporations.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of the day and year first above written.

H2O PLUS, L.P., a Delaware limited partnership

By: H2O, Inc., a Delaware corporation, its sole general partner

Attest: *Roger Hart*
Its: _____ Secretary

By: *Steve Portenby*
Its: _____ Vice President

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

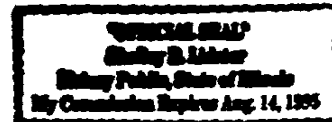
I, Shelley Lidster, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Steven Kather and Roger Mark S., personally known to me to be a Vice President and Secretary respectively, of H2O, Inc. a Delaware corporation and the sole general partner of H2O Plus, L.P., a Delaware limited partnership, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as the free and voluntary act of said corporate general partner and said limited partnership, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 23 day of December 23, 1993.

Shelley Lidster
Notary Public

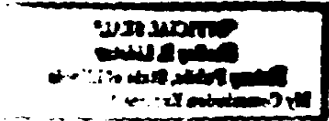
My commission expires:

Aug 14, 1995



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Superseded

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EXHIBIT A

LOTS 3 TO 16, ALL INCLUSIVE, IN BLOCK 2 IN DUNCAN'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N. #s:

17-17-208-001-0000
17-17-208-002-0000
17-17-208-005-0000
17-17-208-006-0000
17-17-208-007-0000
17-17-208-009-0000
17-17-208-010-0000
17-17-208-016-0000
17-17-208-017-0000
17-17-208-018-0000

Common Address:

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EXHIBIT B

"Permitted Exceptions"

As used in this Mortgage, the term Permitted Exceptions shall mean and include each and every of the Permitted Liens (as such term is defined in the Credit Agreement) as the same relate and pertain to the Property.

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